Chapter 14

Hungary: After the end of illusions, trade unions on the brink of marginality

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Few experts of industrial relations attain the standards of precision, balanced judgement and broad horizons that were characteristic of László Neumann’s work on Hungarian trade unions. In 2005, fifteen years after the collapse of authoritarian state socialism and at the moment of the country’s accession to the European Union (EU), he assessed the prospects of Hungarian trade unions with cautious optimism:

The potential ensured by their remaining membership and assets, as well as the system of industrial relations institutions formed since the change of regime and help from their political allies may serve as the basis for renewal. With Hungary’s joining the EU, domestic forces and institutions have been given powerful external support. (Neumann 2006: 56)

Indeed, having survived the freefall of membership numbers and widespread delegitimation in the course of capitalist economic transition, the position of Hungarian trade unions seemed to have stabilized around the turn of the millennium (see Table 14.1). They benefited from the relative strength of existing labour institutions. Tripartite consultation and social dialogue forums experienced a revival in the wake of EU accession, collective bargaining coverage stabilized, the pace of labour market liberalization slowed down, and a relatively generous welfare state compensated those who were pushed out of the labour market during the transition (Bohle and Greskovits 2012).
Nevertheless, Neumann added a note of caution: ‘it has to be clearly seen that these very same forces may help preserve the current organizational frameworks unchanged or even weaken them over time’ (Neumann 2006: 65). Studies in the comparative employment relations literature also warned of the deceptiveness of the institutional power enjoyed by trade unions (Bohle 2011; Hassel 2007; Ost 2000).

Following up on this point, this chapter examines the question of how Hungarian trade unions have coped with the challenges of renewal and dangers of marginalization, what organizational answers they have provided and how they may have changed in the process (Visser 2019). This inquiry is able to reflect on these questions from a historical perspective that is now fifteen years longer than at the vantage point of EU accession. The analysis commences with a brief historical overview outlining the development of Hungarian trade unions before the system change of 1989.

### Table 14.1 Principal characteristics of trade unions in Hungary

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2000</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total trade union membership</td>
<td>3,989,000</td>
<td>966,000*</td>
<td>367,000**</td>
</tr>
<tr>
<td>Women as a proportion of total</td>
<td>n.a.</td>
<td>54 %</td>
<td>46 %</td>
</tr>
<tr>
<td>membership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross union density</td>
<td>89 %</td>
<td>29 %*</td>
<td>9 %**</td>
</tr>
<tr>
<td>Net union density</td>
<td>89 %</td>
<td>20 %*</td>
<td>7 %**</td>
</tr>
<tr>
<td>Number of confederations</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Number of affiliated unions</td>
<td>&gt;117</td>
<td>189***</td>
<td>162</td>
</tr>
<tr>
<td>(federations)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of independent unions</td>
<td>n.a.</td>
<td>n.a.</td>
<td>&gt;5</td>
</tr>
<tr>
<td>Collective bargaining coverage</td>
<td>45 %****</td>
<td>38 %</td>
<td>22 %</td>
</tr>
<tr>
<td>Principal level of collective</td>
<td>n.a.</td>
<td>Company or establishment</td>
<td>Company or establishment</td>
</tr>
<tr>
<td>bargaining</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days not worked due to</td>
<td>10</td>
<td>55</td>
<td>84**</td>
</tr>
<tr>
<td>industrial action per 1,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>workers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: *2001; **2018; ***2010; ****1993.

Historical background and principal features of the industrial relations system

The history of trade unions in Hungary over the past 150 years has been turbulent and dramatic. Unions emerged in the second half of the nineteenth century from craft-based associations with educational-cultural functions, which also provided mutual aid for their members. By the 1890s, operating with minimal organizational infrastructure concentrated in urban areas, the unions had become an integral part of the social democratic movement and were closely associated with the Hungarian Social Democratic Party (Lux 2008). Following a brief period of popular democracy in the wake of the Second World War, the communist dictatorship destroyed autonomous worker organizations and the social democratic tradition of trade unionism. The Communist Party installed trade unions in every company as a kind of ‘transmission belt’, tasked with promoting productivity increases in the process of rapid industrialization, distributing welfare benefits, as well as overseeing health and safety rules.

After 1989 three periods can be distinguished in which trade unions faced different external pressures in their political and economic environment. During the 1990s, trade unions had to meet the challenge of a fundamental transformation of the economic and political system. On the economic side, they had to deal with the transition from a state-managed economy with full employment to a market economy dominated by foreign capital and characterized by an unstable labour market. On the political side, the democratic transition put an end to trade unions’ subordination to the party-state, but also to compulsory trade union membership of workers and a centralized trade union structure. Trade unions also had to face legitimacy issues in a discursive environment that regarded them as ‘relics of the past’.

Hungary joined the EU in 2004, concluding the transition period and formally accomplishing the grand project of ‘returning to the West’, which the trade unions also wholeheartedly supported. By 2004 their position was consolidated in the new economy and polity. Despite their fragmentation, they were included in the polity through tripartite institutions, and besides defending their strongholds in the public sector, they also established new positions in some of the largest foreign-owned companies. The years around 2004 also turned out to be the final years of successful economic transformation (Bohle and Greskovits 2012). As
early as 2006, fiscal austerity returned to Hungary, which again put confederations and trade unions under strain.

The global financial crisis propelled a conservative government into power in 2010. The Orbán government, with the Fidesz-led parliamentary supermajority (Hungarian Civic Alliance, Fidesz–Magyar Polgári Szövetség) had a quite different vision of the relationship between the polity and social partners. The relative institutional stability that Hungarian trade unions had previously enjoyed thus quickly evaporated after 2010, as new legislation radically weakened tripartite institutions to the status of symbolic bodies of social dialogue, and the government preferred to negotiate with trade unions according to its own pre-set agenda. Since 2010 there has been accelerated labour market liberalization, with legislative measures undermining trade union power at the firm level and restrictions on the right to strike and collective bargaining (Horváth and Kártyás 2021; Laki et al. 2013).

**Structure of trade unions and union democracy**

Hungarian trade unions are decentralized. Industrial unions have been losing their relevance and leading role to company-level unions, especially to unions in large companies. In addition, confederations have little authority over their affiliates. Originally, Hungarian trade unions regarded the German system of employment relations, dominated by industry-level unions, as the model to follow. In practice, industrial trade unions lost ground mostly because enterprises gained a high degree of autonomy to regulate work and employment at the expense of industry-level regulation during the privatization process. Coordination, let alone regulation with uninterested, competing employers or their loose associations proved difficult from the start. Different trades did not feel as if their interests were represented by large organizations. The autonomy and ‘independence’ of smaller union organizational units were also boosted by their leaders’ politically motivated decision-making and by the competitive relations between confederations (Ladó 1994; Ladó and Tóth 1993; Szalai 1994; Tóth 1994; Tóth F. 1998; Tóth 2000a, 2000b). A dominant interpretation of democratization in the early 1990s thus translated into an extreme decentralization and fragmentation of the originally nineteen industry-level trade unions (MSZOSZ 2010; Szabó 2014).
Six stable trade union confederations had emerged by the first half of the 1990s. The National Confederation of Hungarian Trade Unions (MSZOSZ, Magyar Szakszervezetek Országos Szövetsége), the Confederation of Autonomous Trade Unions (ASZSZ, Autonóm Szakszervezetek Szövetsége), the Confederation of Unions of Professionals (ÉSZT, Értelmiségi Szakszervezeti Tömörülés), the Democratic League of Independent Trade Unions (Liga, Független Szakszervezetek Demokratikus Ligája), the National Confederation of Workers’ Councils (MOSZ, Munkástanácsok Országos Szövetsége), and the Trade Unions’ Cooperation Forum (SZEF, Szakszervezetek Együttműködési Fóruma). Four confederations comprised mainly private sector unions – MSZOSZ, Liga, MOSZ, ASZSZ – while the public sector was represented by SZEF and ÉSZT. Confederations typically emerged as loose umbrella organizations, ‘action-alliances’ or forums, as indicated by the name of SZEF. Liga operated with the least defined structure, insisting on a grassroots model of unionism, allowing plant-level and territorially organized unions to become direct affiliates of the confederation from the beginning (LIGA 2013; Tóth 2000b).

Confederations have traditionally had only low authority over their union affiliates. In turn, industry-level federations face the challenge of maintaining authority over larger plant-level union members, as the latter increased their autonomy, being also aware of their own attractiveness to other, competing industrial unions or confederations. From the beginning of the transition, confederations tried to compensate for their lack of authority over affiliates by building direct links to the polity through tripartite institutions that secured visibility and financial resources. After 2010 the authority of confederations was further weakened as a result of the legislative and political changes implemented by the Orbán government. The lack of authority of confederations, but also of industrial unions over affiliates remains a stumbling block for uniting trade union power. Industry-level unions sometimes left or changed confederal affiliation. In addition, brand new hybrid unions were formed, mainly right-wing and nationalist in ideology, such as the National Trade Union of Employees Designed for Life (ÉTMOSZ, Életre Tervezett Munkavállalók Országos Szakszervezete). Thus, both industrial and some large company unions, such as the Audi Hungary Independent Trade Union (AHFSZ,

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1 Seven confederations were active at the start of transition in 1990.
Audi Hungária Független Szakszervezet), emerged as increasingly autonomous organizations in the national arena, whose power approximates to that of confederations.

The Hungarian trade union movement is not only decentralized but also divided along political and sectoral lines. The separation between the public and private sectors has become less prominent over time, but the political cleavage has been a stable feature of the Hungarian trade union movement since 1990, splitting confederations into two camps. Figure 14.1 maps the main confederations, their distance from each other and how that distance developed between 1990 and 2020 along two main dimensions of ideological-political divisions (left-right) and sectoral composition (public-private). The size of the shapes approximates the membership numbers of each confederation. The horizontal axis separates the main confederations along political lines. After 1989, one group of confederations originated as reformed successors to the entrenched and massive pre-1989 official National Trade Union Council (SZOT, Szakszervezetek Országos Tanácsa). The other group emerged as grassroots movements of new organizations, established mainly by anti-communist dissenters. The former group maintained formal or informal links to the reformed successor of the Communist Party, the Hungarian Socialist Party (MSZP, Magyar Szocialista Párt). They were particularly pronounced in the case of MSZOSZ, but also partly true for SZEF. The ‘grassroots’ group of confederations had links to newly formed liberal and conservative political parties. Confederations also sought political party allies for practical reasons, mostly to influence strategically important legislation, such as the distribution of union assets inherited from SZOT to their own advantage (Ladó and Tóth 1996; Neumann 2006: 73; Tóth 2000b).
All major confederations had easily discernible political party allies from the early 1990s: confederations and political parties launched joint campaigning initiatives, from one-off street protests to national referenda, trade union leaders featured on the electoral list of parties and many of them were elected MPs (Tóth 2000b). Up until 2006 MSZOSZ also officially endorsed the Hungarian Socialist Party (MSZP, Magyar Szocialista Párt) manifesto before general elections. The political party landscape of Hungary has changed many times since 1989. What matters from our perspective is that asymmetrical union–party links have constantly hindered cooperation between confederations. In Figure 14.1, some movement is apparent in confederations’ political positions between 1989 and 2020, but the distance between them remained large. As of 2020,
MASZSZ, SZEF and ÉSZT are in the ‘centre-left’ block, critical of the right-wing government in power since 2010, while LIGA and especially MOSZ have a more cordial relationship with the governing party.

None of the six historical confederations was ever dominant, whether in terms of membership, capacities or influence. The main competitors for a dominant role were the ‘legacy-incumbent’ confederation MSZOSZ and its main challengers Liga and MOSZ. The intense conflicts between the two camps in the early 1990s were followed by a relatively calm period when boundaries between them were stabilizing. Inter-confederation hostility peaked again after 2006, when Liga ‘poached’ affiliates from other confederations in both the public and the private sector by offering lower contribution rates, and also undermined consultation and agreements with the government through political action (LIGA 2009). A limited consolidation of confederation structures took place after 2010, as MSZOSZ and ASZSZ merged to form the Hungarian Trade Union Confederation (MASZSZ, Magyar Szakszervezeti Szövetség), reducing the number of confederations from six to five. The merger was shallow: affiliated unions did not merge, some of them even moved to other confederations. This partial consolidation happened within the left-wing section of the confederation spectrum, so it did not contribute to a relaxation of political tensions between confederations.

Along the vertical axis of Figure 14.1, a second, less pronounced cleavage runs between public sector and private sector unions. Public sector unions had to cope with at best a secondary role in interest representation and reconciliation. There is also fragmentation within the public sector as ÉSZT organizes the smaller branches of the public sector dominated by professionals, particularly scientists, and the main public sector confederation, SZEF, originally brought together the largest (successor) public sector unions, such as those in health care and education. At the same time, there are public sector unions that belong to majority private sector confederations or do not have a confederal affiliation at all.

Hungarian trade unions are registered as civil society organizations and therefore must follow formal statutory requirements of transparency and regular elections of officials. At the same time, union democracy is weak in substantive terms, with little strategic initiative to reinvigorate the relationship between officials and the rank-and-file. Elections of top officials are also rarely contested. Unions are aware of the need to increase the diversity of those who reach official positions within the hierarchy but their tools to achieve this are limited and quite traditional. While
there are no quota systems, for example for women in leadership positions, some confederations and industrial unions have special youth and women sections, and support union members in launching corresponding plant-level committees.

**Political relations**

As in other states of the former Eastern bloc, for Hungarian trade unions the tectonic changes of 1989 implied a redefinition of their role in the new context of market economy and democracy. As they were associated with the authoritarian past, they faced a crisis of legitimacy and representation: among other things, legislation weakened their rights of representation. They had no say in matters of privatization, and their influence at establishment level and on the labour market was fluid rather than stable.

But there were dissatisfied masses of workers who needed representation and this coincided with Hungary’s EU integration process, entailing the construction of social dialogue and worker representation institutions. These institutions provided entry points for trade unions. The unions survived the difficult period of transition and stayed afloat by ‘reorganizing their relationship with the new actors of democracy and the market’ (Thoma 2001), getting involved in institutions of social dialogue and wage setting, and receiving rights and entitlements to represent employees’ interests. Participation in tripartite bodies turned out to be crucial for confederations, as subsidies and employment opportunities from tripartite structures compensated for dwindling resources from affiliates, making it possible to maintain confederation staff numbers and physical infrastructure.

As in other Central and East European (CEE) states, a central institution for politically motivated trade union inclusion in the polity was the tripartite interest reconciliation body. This institution changed its name and exact role alongside successive governments, and its functions oscillated between social dialogue and national-level quasi-bargaining on wages (Héthy and Ónodi 2008). In its most powerful form, between 2002 and 2011, it existed under the name National Council for the

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Reconciliation of Interests (OÉT, Országos Érdekegyeztető Tanács). During the period around EU accession and the financial crisis, supplementary bodies of social dialogue were created to secure trade union involvement in broader matters of policymaking. The most important of these was the Economic and Social Council (GSZT, Gazdasági és Szociális Tanács), established in 2004.

Between 2002 and 2011, the OÉT relied on an extensive mandate for information, consultation and negotiation in the area of labour market regulation. Every year, the government was obliged to negotiate and reach agreement with the social partners before setting the level of the statutory minimum wage. The OÉT also issued national wage increase guidelines. In this respect, the OÉT’s mandate extended beyond strictly defined social dialogue into a weak version of centralized wage bargaining in the shadow of legislation. This, in turn, raised questions of constitutionality, as the polity was sharing its sovereign power with interest groups outside the system of electoral representation. The OÉT’s legitimacy was consequently weakened between 2006 and 2009 by a drawn-out constitutional court procedure scrutinizing the forum’s legal basis (Berki and Neumann 2009).

During the period 2002–2006, trade unions were able to exert influence on the polity through these tripartite bodies, resulting in repeated statutory minimum wage increases, general wage increase recommendations and pro-worker amendments of the Labour Code (Munka Törvénykönyve). Apart from these temporary successes, confederations tended to take a reactive position in these fora, at best slowing down labour market liberalization initiated by employers and successive governments. Public sector confederations faced similar challenges in terms of general economic developments, with a few important differences. Compared with the private sector, negotiations in the public sector have been even more exposed to political cycles, with more generous wage increases in election years and austerity between elections. Public

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3 For an extensive list of social dialogue bodies see Márkus and Tóth (2010).
4 We define collective bargaining as negotiations on wages and working conditions between representatives of employers and employees. The agreed outcomes of collective bargaining are binding even without supporting legislation and breaching them can lead to industrial conflict. Social dialogue by contrast is non-binding; it necessarily involves governments as policymakers and its scope also tends to be broader.
sector employees were the targets of budget cuts in the wake of recurring fiscal crises of the Hungarian state in 1995, in 2006 and then again from 2008. In these periods, public sector confederations had to adopt a very defensive stance to protect jobs and often accepted wage freezes and nominal wage cuts in return. At the same time, they could not always expect solidarity from private sector unions interested in lower levels of taxation.5

An additional problem with tripartite institutions was that their ability to channel conflicting interests and manage conflict situations decreased over time (Berki and Dura 2012). In effect, this system especially harmed those trade unions that were the most committed to finding institutional solutions to social conflict and policymaking dilemmas.

Most accounts claim that the tripartite body’s existence depended on successive governments’ willingness to maintain it (Koltay and Neumann 2006: 32). The exposure of tripartism to different partisan conceptions of governance was a final and fatal weakness (Héthy and Ónodi 2008). This was proved in 2011 when the OÉT was abolished by the Orbán government and replaced with a tripartite body, the Standing Consultative Forum for the Competitive Sphere and the Government (VKE, Versenyszféra és a Kormány Állandó Konzultációs Fóruma), which is restricted to the private sector and has only a consultative role on minimum wages and average wage increases (Herczog 2017). Since 2010, there has been no tripartite institution covering the entire workforce. The National Economic and Social Council (NGTT, Nemzeti Gazdasági és Társadalmi Tanács), established in 2011, is a purely advisory body with broad participation from civil society, the church and academia (Szabó 2013). To compensate for their exclusion from decision-making, especially concerning the Labour Code, some confederations and industrial unions attempted to exert influence through protests. Without sufficient resources, however, these protests could not be sustained, and apart from immediate reactions to legislative changes, they could not compensate for the lost institutional voice.

Trade unions have been involved in the polity not only directly through tripartism, but also indirectly through their links with political parties. The latter relationship has been asymmetric (Avdagic 2004).

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5 As its former chairman, Endre Szabó put it, SZEF constantly had to fight the dogma that value creation is based only on production of goods, and that the human sphere is only of secondary importance, of unequal value. See Szabó (2014, p. 28).
Even nominally left-wing parties repeatedly reneged on their pro-labour electoral promises once entering into government and trade unions lacked the capacity to credibly punish them for this. On the other hand, through their links to political parties, up until the mid-2000s, trade union leaders were often appointed to positions in the state bureaucracy, especially under left-wing governments, in line with earlier traditions (Bohle 2011). The relationship between MSZP and MSZOSZ was characterized by a ‘revolving door’ mechanism where key personalities held successive or often parallel positions in the trade union and state bureaucracy. The result was a schizophrenic situation in which people who opposed certain government measures as trade union leaders often had to go along with them as party members. The embeddedness in the state bureaucracy also undermined trade union leaders’ credibility and exposed them to attacks from rival confederations (Bohle and Greskovits 2010: 352).

After Viktor Orbán came to power in 2010, Liga, and especially the MOSZ–FIDESZ relationship faced similar challenges to MSZOSZ–MSZP in earlier years: the new government introduced several measures hostile to the labour movement, with some highly controversial and compromising gestures (Rácz 2013). Confederation–party relationships often remain informal. In sum, confederation leaders on their part were forced to choose between two evils: temporary influence and access to decision-making and resources with long-term risks, or marginalization from decision-making. Understandably, no confederations opted for the second.

What were the main substantive positions that confederations represented in their relationship to the polity? The four, mainly private sector confederations did not differ significantly in their economic policies and social dialogue positions during the years of transformation. MOSZ insisted most strongly on worker participation in privatization and asset sharing. Liga was committed to developing a social market economy, including employee participation in decision-making at all levels (LIGA 2013). The position of MSZOSZ was the most defined: it had relied on union involvement on distributional issues in the state socialist period. Post-1989 MSZOSZ insisted on progressive taxation and the minimum wage to achieve a living wage. From the late 1990s, trade unions reoriented their activities on collective bargaining and incomes policy, achieving some success on these issues with the help of their political allies in the period 2002–2006.
Unionization

Trade union membership in post-state socialist Hungary, similarly to other countries in the region, underwent a dramatic, continuing decline. From compulsory trade union membership common in the previous system, only 7.4 per cent of the employed population were members of trade unions by early 2020, almost exclusively full-time employees with permanent contracts. In manufacturing, trade unions suffered a great decline during the 1990s as a result of their inability to protect jobs in privatized companies. By 2001 unionization rates were already modest. In general, rising unemployment had an extremely negative effect on trade unions. As Figures 14.2 and 14.3 indicate, trade unions in all economic segments lost members continuously from 2001. Being relatively sheltered from the job destruction of the 1990s, union membership declined more slowly in the public sector than in the private sector, but it followed the same trend. Public sector union density started from a higher level but declined rapidly after 2006.

Figure 14.2 Trade union density across industries and industry weight in total union membership, 2001

![Trade union density across industries and industry weight in total union membership, 2001](image)

Source: KSH (2002).

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6 There were somewhat late initiatives to tackle the issue of the unemployed, especially on the part of the two general unions MSZOSZ and LIGA.
According to the latest statistical data,\textsuperscript{7} in early 2020, only about 23.6 per cent of surveyed employees indicated that there was a trade union operating in their workplace, while 10.9 per cent did not know. Trade union presence continued to be more common in the public sector and in semi-state enterprises, such as in energy or transport. Business unit size also mattered for union presence. In workplaces with fewer than fifty employees in 2015 only about 15 per cent of them knew about a union presence (authors’ calculations). Only in large workplaces, employing at least 500, was a union presence likely, with 55.3 per cent of employees acknowledging a union presence. Unionization

\textsuperscript{7} KSH (2021) Stadat online spreadsheet set, Table 9.18.3.2. Employees aged 15–64 by membership of a trade union at the workplace, Q1 2020. https://www.ksh.hu/docs/eng/xstadat/xstadat_infra/e_munkmin_9_18_03_02.html (accessed: 19 July 2021).
Hungary: trade unions on the brink of marginality

is also more likely in private enterprises in manufacturing. Territorially, such a difference played out in uneven unionization rates in industrial centres, such as Győr, where Audi and some automotive suppliers are located, or administrative-university towns with comparatively higher unionization rates, compared with more depressed regions and rural areas. Interestingly, such sectoral-territorial unevenness is also reflected in male and female unionization rates. Thus, quite tellingly from the 2015 data it is in the south of Hungary, in the university town of Szeged, where female unionization rates are the highest – at 16.4 per cent – as a result of the concentration of public sector employment, whereas the male unionization rate is highest – at 18.8 per cent – in the most industrialized region, around the town of Győr, where Audi is centred.

As demonstrated in Figure 14.3, public administration, health care, education, transport and manufacturing were among economic activities with the largest union presence in 2015. These are the five economic segments in which the majority, 81 per cent, of union members are concentrated. Although energy has comparatively high union density, this economic segment has a small share of employment. The contrast here is sharpest with retail and manufacturing: both are large segments of the economy, in which density is lower than average. Interestingly, it is Pest, the county surrounding Budapest, where both male and female unionization rates are lowest (5.3 and 6.3 per cent, respectively). Business unit size, concentration, as well as product or service market security seem to explain this outcome. Trade unions, for their part, maintained their presence in larger companies, attracting members based on a mix of individual and collective interest representation, and special services. Unions adopted alternative ways of unionizing, such as US-style organizing only sporadically and rather late, in the 2010s, mostly in manufacturing and retail.

In general, there are fewer than ten Hungarian trade unions with more than 10,000 members (see Table 14.2). Very few reach 20,000 members, including pensioners. Of the ten largest trade unions three are not affiliated to a confederation, and only five have remained loyal to their confederations over the past three decades. It is also important to note that there is a company-level union in the top ten, with almost 10,000 members.
Union resources and expenditure

After 1989 trade unions had five main sources of income: (i) a fairly large stock of real estate, including offices, hotels and holiday resorts at prestigious locations that they inherited and distributed among themselves from the monopoly state socialist confederation SZOT; (ii) external financial support from international organizations and foundations; (iii) state support; (iv) financial contributions at establishment-company level; and (v) membership fee inflows from the rank-and-file and from affiliates in the case of industrial unions and confederations. Table 14.3 summarizes the rather modest infrastructure and expert apparatus of the main trade union confederations and industry-level unions. Table 14.3 indicates the annual percentage of income from external finances in running the organizations compared with membership fees, and sheds light on absolute membership and change. Included in the data are the finances...
of one large industrial (Vasas) and one large company union (AHFSZ) in
order to indicate the modest confederal finances and contrast them with
the lower levels. Note, however, that among several hundred registered
trade unions there are only about a dozen that have noticeable infrastruc-
ture (an office for example), paid officials and financial resources to
cover them.

Table 14.3 Full-time staff and union income (confederations and some trade
unions)

<table>
<thead>
<tr>
<th>Confederation</th>
<th>Full-time staff (estimate)</th>
<th>Finances – income 2019, HUF (€ in brackets)</th>
<th>Membership, and change, thousands and per cent (1990*–2018)</th>
<th>Percentage of membership fee in annual income %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ÉSZT</td>
<td>2–5</td>
<td>158,432,000 (479,000)</td>
<td>27,000 (−93,000, −76.5%)</td>
<td>2.9</td>
</tr>
<tr>
<td>Liga</td>
<td>16</td>
<td>326,458,000 (988,000)</td>
<td>100,200 (−149,800, −60%)</td>
<td>14.2</td>
</tr>
<tr>
<td>MASZSZ</td>
<td>10–15</td>
<td>194,295,000 (588,000)</td>
<td>104,461 (−1,505,000, −93.5%)</td>
<td>16.1</td>
</tr>
<tr>
<td>MOSZ</td>
<td>10–15</td>
<td>636,543,000 (1,926,000)</td>
<td>53,112 (−6,888, −11.5%)</td>
<td>0.4</td>
</tr>
<tr>
<td>SZEF</td>
<td>6</td>
<td>220,796,000 (668,000)</td>
<td>65,000 (−315,000, −82.9%)</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Industrial union (federation)

Vasas* 23 587,449,000 (1,777,000) 22,000 (−482,000, −95.6%) 88.8

Company union

AHFSZ 14 (officers) 280,333,000 (848,000) 9,145 (+8,725, +2,177%) 64.2

Source: Neumann (2018), AHFSZ website, Court data on Civil Society
Organizations: https://birosag.hu/kozzetetel-kereso. Authors’ own calculation.

Although the formula and distribution of the membership fee
between levels of trade unions changed over the years, the basic principle
behind membership fees was that union members were to pay 1 per cent
of their gross monthly income to a plant-level union. Half of this sum,

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8 Value in euros is estimated by taking the official central rate of the Central Bank of
Hungary (Magyar Nemzeti Bank) on the last day of the reference period. For exam-
ple, for 2019, the rate on 31 December 2019 was 1 EUR = 330.52 HUF.
in some cases less but increasingly more, remained with the plant-level union, and the remainder went to industrial unions, which were crucial for employing experts and running an organization and apparatus (Neumann 2017; Sauer 1993). Industrial unions and unions in different public sector activities then paid dues to confederations, and also to international organizations with which they were affiliated. In addition, some trade union leaders had additional incomes from their positions in various supervisory bodies.

With very few exceptions, industrial unions constantly had to cope with plummeting incomes from membership fees, but also adapted to increased autonomy and special deals concluded with large company-based affiliates. The negative tendencies culminated in fights for already unionized members and their fees at the confederal level, impacting further on the negative spiral in general finances. To poach affiliates from other confederations, probably most notoriously Liga decreased membership fees and allowed greater autonomy for affiliated unions, a practice that was most pronounced in 2006–2010 (Neumann and Tóth 2018: 138; Szabó-Morvai 2010: 17). The cumulative effect was that total membership and discipline declined further, as more autonomy was granted to affiliated unions by other confederations and industry unions, too.

To maintain their more and more modest but still costly infrastructure and apparatus, industrial unions and confederations increasingly had to sell their assets. During the past thirty years the formerly massive real estate assets, which were split among confederations, have largely disappeared. Finally, the relevance of and dependence on external support increased over time. Both international and state support became ever more important. The anti-union government that came to power in 2010 played on these massive dependencies. During 2010–2012 state support decreased radically. Originally this support had been designed to ensure trade union participation in various social dialogue bodies. The anti-union government, however, blocked funding to confederations and trade unions, in effect ‘blackmailing’ them to secure their consent to legislative and institutional changes (Lajtai 2017).

Finally, until 2012 an important share of trade union income at the company level came from the legally guaranteed working time allowance for union representatives, calculated according to the number of union members. If this time allowance was not fully used by the end of the year, it could also be cashed in: that is, it could be turned into company-level union income. From 2013, the new Labour Code prohibited the
‘cashing-in’ option. As indicated in Figure 14.4, external private funding fell after 2012.

**Figure 14.4** Distribution and development of trade union income (HUF million), 2005–2018

![Bar chart showing trade union income distribution and development](chart.png)


Figure 14.4 shows the changing share of external funds and state funds in the period 2005–2018 and also trade unions’ total income. On average in 2018 trade unions operated with an annual budget of about HUF 21 million (€65,300).

**Collective bargaining and unions at the workplace**

There is a dual system of interest representation in Hungary: besides trade unions, there is an opportunity to establish and elect works councils.
in sufficiently large enterprises. Compared with the German model, however, works councils are much weaker: Still, they maintain information and consultation rights, some of which unions lost after 2012, but also decide on the use of company social funds. Whereas the relationship between works councils and trade unions was uneasy at the beginning, trade unions now typically occupy key positions in works councils, fielding their own candidates during works council elections. Trade unions are also in charge of collective bargaining. Conflicts still emerge in some cases, especially when pro-management works councils are established, and management does not recognize or include trade unions in collective bargaining.

Collective bargaining has a very modest regulatory impact on the labour market in Hungary, as the law considers individual bargaining to be dominant. Collective bargaining coverage is low, negotiations are decentralized to the company level and the agreements are often limited in scope. At the same time, collective bargaining is embedded in detailed regulation of the labour market bylaws and other statutory instruments that trade unions have been trying to influence with limited success through tripartite forums, as already discussed. The following sections review the role of trade unions in collective bargaining.

The main procedural rules for collective bargaining are laid down by national legislation, specified in the Labour Code (Munka Törvénykönyve). The Labour Code recognizes the autonomy of enterprises in regulating many aspects of employment, including bargaining without state intervention at the establishment or company level (Makó and Simonyi 1997: 222). Trade unions are entitled to bargain collectively with enterprise management if they reach a 10 per cent representativeness threshold. Certain groups in the public sector are excluded from the right to bargain collectively by their special employment statutes, including civil servants, members of the armed forces and – since 2021 – health care employees (Horváth and Kártyás 2021; Mélypataki 2019: 16–17). The Labour Code does not specify the level of bargaining but grants bargaining rights to individual trade unions, as well as to trade union confederations. Moreover, works councils are also entitled to sign collective agreements with the employer at workplaces where there is no valid union-negotiated collective agreement.

The company has been the predominant level of collective bargaining in the Hungarian private sector since the 1990s, with a small and declining number of industry-level agreements. The weakness of the
industry level is partly because of employers’ reluctance to engage in multi-employer bargaining and the rarity of compulsory extension mechanisms for collective agreements. Nevertheless, trade unions have also contributed to this situation by focusing their resources on defending key workers in large companies, while employees at the suppliers of the same company in the same industry often remained without collective representation. Procedurally, at least in manufacturing, the bargaining process, if sufficiently inclusive at all, tilted towards insider groups, that is male middle-aged employees, with the consequence that it strengthened a business unionist strategy to the exclusion of other social groups, especially the classic labour market outsiders, such as agency workers, young people, women, non-locals and Roma (Gerőcs et al. 2021; Neumann 2000; Neumann and Tóth 2018).

Confederations have tried to compensate for the weakness of industry-level bargaining by actively promoting national-level tripartite negotiations. The main vehicle through which tripartism influenced lower levels of bargaining was minimum wage setting. Tripartite negotiations were however not equivalent to collective bargaining; at best they could be called ‘quasi’ collective bargaining (Berki 2014: 127). They were forums of ‘interest reconciliation’ and the resulting agreements lacked the legal enforcement power of collective agreements, which are officially called ‘collective contracts’ (kollektív szerződések) in Hungary. Therefore, legislation and, in the case of minimum wage setting, government decrees followed up on these agreements to secure adherence. The government abandoned national-level tripartism in 2010, moved the negotiations on the minimum wage to a restricted private sector consultation forum, and opened up several formerly statutorily regulated aspects of the employment relationship to bargaining in 2012, thereby further decentralizing bargaining processes.

There has been no single dominant level of collective bargaining in the public sector, where the relevance of collective bargaining for wage setting has been overshadowed by government unilateralism. National legislation sets detailed pay scales for each group of public sector workers, leaving very narrow scope for local bargaining. The public sector has its own tripartite consultation forums, including the government and public service employers, but with their low enforceability and sensitivity to the relationship with the government, these forums faced the same issues as OÉT (Berki 2014: 127). The main change in public sector bargaining after 2010 was the centralization of public service provision: central
government took over the management of most industries of the public service from the municipalities, with the result that the importance of negotiations in specific public sector industries increased, particularly in education and health care, in the context of even stronger government unilateralism.

Only around a quarter of employees are covered by collective agreements in Hungary, concentrated mainly in the shrinking public sector, as well as in larger companies, especially in state or mixed ownership. Coverage correlates with industries and workplaces with increased unionization rates. As collective agreements are binding for all employees at a given workplace, the coverage rate is also higher than unionization rates and has not fallen so radically in the past two decades, from 38 to 22 per cent. The trade union strategy in collective bargaining focused mainly on recurring issues of employment and job security, particularly fighting job losses, and wage/income-related issues. Apart from the brief period around EU accession – 2002–2006 – trade unions had to adopt a defensive stance, withstanding offensives on working time flexibilization, decentralization and the liberalization of labour law regulation that impacted on jobs and incomes. Overall, concession bargaining over wages, jobs and working time became the norm, especially in economically difficult periods, including the present period impacted by Covid-19 (1990s, 2008–2010, 2020–). The pandemic has had a disastrous impact, especially in parts of the private service sector, such as tourism and accommodation, where the unions have lost even the little leverage they had earlier. Many employers unilaterally terminated collective agreements in the second half of 2020, and in only one case could a trade union launch a collective dispute and strike for its reinstatement. Health sector employees lost their public employee status on 1 March 2021, and unions here also lost the chance to regulate employment collectively, and strikes became practically impossible.

In both the private and the public sector the scope of collective agreements is limited. Often the majority of provisions only repeat those of the Labour Code, so-called ‘parrot clauses’. Rather than targeting the main wage, collective agreements in Hungary often focus on the supplementary elements of remuneration, such as fringe benefits, anniversary bonuses and holiday allowances (Fodor et al. 2008; Nacsa and Neumann 2008; Neumann 2006). These allowances were exempt from taxation until 2018.
Industrial conflict

Strikes were regulated for the first time in Hungarian history in 1989. The right to strike is recognized in Hungary’s constitution and the main questions of strike legality are settled by Act 1989/VII, adopted in the year of the country’s democratic transition. As Berki aptly summarizes, ‘after its first 15 years in force, the concrete forms and methods had been defined and disagreements were overcome by practice or by Constitutional Court (Alkotmánybíróság) rulings, and norms were created that guided both actors involved, the media, the general public, and relevant authorities’ (Berki 2019: 5).

Changes in the constitution (Fundamental Law, Alkotmány, Alaptörvény) and legislation since 2010 have had an impact on the frequency and character of strikes in different industries. The governing parliamentary majority amended the strike law in 2010, making provisions on essential services more difficult to meet. In practice, this meant that in the public services trade unions had to define with employers the level of essential services, or, in the absence of such agreement, demand a preliminary court ruling on essential services (Rindt 2012). The potential to use the strike weapon was thus significantly curtailed in the traditionally hot pockets of public transportation and public services, in which the required essential level of services is also set by law (Berki 2019: 16). This restrictive legislation translated into very low strike activity in the public sector, except for a national strike in education and childcare in 2016. There is no formal obligation for trade unions to ballot members before a strike. Practice depends on specific union by-laws and informal understandings, and whether and how the union leadership surveys the willingness of the rank-and-file before announcing industrial action. Because of unions’ financial weakness and the generally short duration of strikes, the question of strike funds rarely features in public debates.

Particularly during the 1990s and until the early 2000s, as in other post-state socialist countries, job insecurity undermined the real potential of union strike action. Figure 14.5 shows data from the Hungarian Statistical Office on strike activity between 2000 and 2019, based on indicators for the number of participants and hours not worked due to strikes. In terms of variation over time, between 2000 and 2019
Hungarian industrial relations alternated between periods of total acquiescence, when barely any work stoppages occurred, and peaks of relative unrest, with significant and well-reported strikes in strategic industries. After a prolonged railway strike in 2000, both strike indicators declined until 2006, when the austerity measures and social policy reforms of the socialist-liberal Gyurcsány government triggered a wave of strikes in public services (Neumann and Tóth 2018: 149). The financial crisis of 2008 ushered in a period of near-complete absence of strikes from Hungarian industrial relations. A single strike was reported to the Statistical Office in 2011 and 2013, two in 2015, while there were no work stoppages in 2014. Since 2015, the strike weapon has experienced a revival. Teachers’ unions called a one-day national strike over school reform in 2016. In 2019, a week-long strike took place at the car manufacturer Audi, the fifth largest private sector employer in Hungary. Because of the Hungarian plant’s key position in supply chains and the endurance of the organizers, the strike also brought production in the main Audi plant in Germany to a halt (Handelsblatt.com 2019).

**Figure 14.5** Strike activity in Hungary, 2000–2019


The economy lost 14 working days a year to industrial conflict per 1,000 employees, well below the weighted 22-country European average of 45 days. At the same time, this figure masks variations over time and across sectors, as well as the qualitative aspects of industrial conflict in Hungary.
Before the legislative changes in 2010, public services – particularly public transport, health care and education – were at the epicentre of industrial conflict, while in the private sector employee voice was constrained to company-level disputes. In the public sector, competing national trade unions and confederations also called strikes at different times, depending also on the political orientation of the government (Berki 2019: 16–22). Strikes increased after 2016 because of industrial action in the private sector, especially manufacturing. Warning strikes are especially numerous in the private sector and have proven to be a sufficient and relatively effective tool for giving weight to employee demands (Berki 2019: 17–21).

A partial explanation of the low level of strike activity is that industrial conflict was replaced with softer conflict, directed against state authorities. Available data suggest that, over time, demonstrations have become more prominent tools within Hungarian trade unions’ protest repertoire. Street protests saw their peak in the period 2010–2014, in parallel with the almost complete absence of strike action (Berki 2019: 10). Public petitions and especially demonstrations were the main union weapon, which mobilized not only members but also sympathizers and the public in economically and politically hard times (Berki 2019; Greskovits 1998). Large mobilizations took place against changes in the Labour Code in 2001, against what were popularly known as the ‘Servant law’ (cselédtörvény) and the ‘Slave law’ (rabszolgatörvény) in 2018–2019, against health care reforms in 2006–2009 and against constitutional changes in 2011, even though some of these also caused friction within the movement.

Hungarian trade unions have also been involved in representing their members in individual cases at labour tribunals. Confederations and some industry-level unions maintain an extensive network of legal aid services and prioritize their maintenance when allocating limited financial and human resources (Németh and Girndt 2018: 9). In the period 2005–2010, Labour Tribunals (Munkaügyi Bíróságok) dealt with more than 30,000 cases every year, indicating the popularity of the court route of dispute resolution (Berki 2016: 279). The Orbán regime has restructured the system of labour tribunals, merging them into upper courts and also making it bureaucratically more burdensome and costly to file a case. Subsequently, the number of cases declined markedly, from 31,074 in 2010 to 4,615 in 2019 (Berki 2016: 279; Courts of Hungary 2019: 51). It seems that more burdensome and complicated legal procedures ensure...
that trade unions are less likely to take up individual cases. On the whole, workplace conflict is highly individualized and also tilts towards ‘exit’: alongside emigration to other EU countries, turnover, especially in manufacturing, increased markedly during 2016–2019.

**Societal power**

The importance of societal power resources in trade union politics is growing, as these resources could potentially compensate for the decline of organizational and institutional power resources (Visser 2019: 69; Wagner and Refslund 2016: 347). Hungarian trade unions seem to have recognized this link recently. Three aspects of societal power form the basis of the analysis here: public perceptions of trade unions, trade union use of communications and media, and trade union links to social movements.

The Hungarian public is divided and vacillating in its opinion of trade unions. Figure 14.6 shows the development of public opinion on Hungarian trade unions in a European comparison between 2005 and 2019, based on Eurobarometer survey data. After a moderate increase

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**Figure 14.6** Public opinion concerning trade unions in Hungary, 2005–2019

Source: Standard Eurobarometer surveys: 63, 65, 67, 72, 82, 84, 85, 90, 91.
in their popularity around EU accession, the popularity of trade unions fell to a low point in the wake of the financial crisis. The share of respondents with positive views on unions had fallen to 41 per cent by 2015. In recent years a considerable turnaround has taken place in the Hungarian public’s attitude towards trade unions, as the share of favourable views increased to 60 per cent, which is also higher than the EU average.

Trade unions are typically better known by older generations. The perception and judgement of trade unions, however, has also changed over time within generations. In the 1990s, trade unions were poorly regarded by younger generations, which translated into low membership figures among this social cohort. Especially prone to individualism and self-reliance, young people were mistrustful of any established institutions or organizations, including trade unions, and indicated that they could rely on themselves or perhaps on the family (Gazsó 1995). The latest public opinion poll of 2019, however, indicated that perceptions of trade unions among young people have improved. In the sample, 66% of young people under 35 years of age did not agree with the statement that trade unions are a relic of the past. Probably even more importantly, 38% indicated that they had either joined a trade union, or would turn to a trade union at their workplace to address a problem at work (Kunert and Kiss 2019).

During the 1990s and 2000s Hungarian trade unions suffered from a public discourse that treated them as relics of the past and from a media landscape that was divided across political lines. After 2010, a more monolithic media landscape emerged, increasingly controlled by the government, which leaves even less space for critical voices. Trade unions usually achieve a more prominent public profile when they protest, for example during recent demonstrations against changes in the Labour Code (2018–2019), which improved public perceptions of trade unions, but only among opposition sympathizers and swing voters (Idea 2019).

Over the entire post-1989 period, trade unions have lacked the resources and know-how to shape public opinion, launch effective national media campaigns and ‘rebrand themselves’. Confederations and industrial unions do not have public relations professionals among their permanent employees; at best, they periodically hire media specialists for the short term. Trade unions were slow to catch up with online communication and public relations tools, instead relying on printed newsletters. As of 2020, most trade unions operate a website, but with few exceptions, they have limited resources to update content and improve
design. In 2010 research found most trade union websites to be very modestly informative (Szabó-Morvai 2010: 19–23). Indicatively the AHFSZ website – a company-level union – looks more transparent than the websites of most confederations and industrial unions. Hungarian trade unions have become more active recently in exploiting the opportunities provided by social media. Facebook has been increasingly used over the past five years, especially by some industrial unions, such as KASZ or Vasas. The unions representing social service workers have launched several campaigns in which workers posted selfies on Facebook, holding up a sheet of paper that showed their job title, years of experience and take-home pay (Neumann and Tóth 2018: 148).

Since the 1990s most confederations and many industrial unions have been rhetorically open to civil society organizations and social initiatives, but in reality, these links are fragile. Thus, trade unions in the 1990s established links with organizations of the unemployed (MSZOSZ 1997), but these alliances did not last. More recently, some trade unions have established weak ties with student and educational-activist groups. These ties are also very fragile because, on the trade union side, there are typically no policies and strategies for managing these ties.

Since 2010, there have been repeated attempts to broaden trade union activities in a more political, ‘social movement’ direction. The leadership of the trade unions representing police and firefighters started to restructure their organizations’ activities into a social movement direction after the Orbán government attacked their members’ early retirement rights without consultation in 2011. Nevertheless, after initial intense protests which gathered considerable media attention, the movement lost momentum and its leaders ended up leaving trade union organizing activities altogether (Neumann and Tóth 2018: 150). A similar situation occurred in nursing when a new trade union and a social movement organization developed simultaneously, a development that caused internal organizational friction within the health care union. The 2016 teachers’ strike was also triggered by a grassroots protest movement of schoolteachers whose main grievance was not wages but the loss of professional autonomy in the wake of the centralization of the school system after 2010.

**Trade union policies towards the European Union**

Confederations were generally in favour of, and optimistic about, EU membership, as they believed in the promise of catching up with labour
standards in the old EU Member States. Confederal Congress materials and conferences from the period 2002–2006 testify to this. They also held a joint celebration on the occasion of joining the EU in May 2004. Confederations welcomed new social dialogue institutions, the Industry-level Social Dialogue Committees (ÁPB, Ágazati Párbeszéd Bizottság) and the Economic and Social Council (GSZT, Gazdasági és Szociális Tanács). These were direct copies of the corresponding EU-level bodies. These institutions nudged the government and employers into acknowledging unions as negotiating partners in areas and at levels where they would otherwise not have done (Herczog 2017; Neumann 2008). Moreover, confederations also supported the setting up of transnational information and consultation bodies – European Works Councils (EWCs) – as part of the integration process. The overall impact of these forums on trade unions is nevertheless dubious. By creating parallel structures on top of already existing institutions, they complicated the landscape of employment relations and splintered the organizational resources of trade unions even further. Correspondingly, trade unions were unable to control these institutions, which did not contribute to the strengthening of industry-level bargaining or to more responsive government policymaking (Borbély 2015: 3; Herczog 2017; Neumann 2008).

Unions have also been the recipients of EU funding, in particular through the European Social Fund’s capacity-building measures for social partners. Over the 2007–2013 multiannual financial framework period, HUF 3.7 billion (€12.46 million) were awarded to various trade union-led projects, including training and the establishment of employee legal aid networks. This funding was subsequently somewhat reduced as EU funds operated with different priorities for the 2014–2020 period. EU funding in 2007–2013 amounted to 3.8 per cent of total trade union income during the period, notwithstanding that many of these projects also included employer organizations as consortium partners. While EU funds provide lifeline support for trade unions that are in a dire financial situation, they also deepen some of the problems of the trade union movement. First, these funds are controlled, administered and managed by the Hungarian government, further increasing the unions’ dependence

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10 Authors’ calculation based on the Hungarian government’s EU-project awards database and on the Hungarian Statistical Office’s data on trade union finances (STADAT table 9.1.1.12. on non-profit organisations, https://www.palyazat.gov.hu/tamogatot_t_projektkereso)
on state power. Second, there is no indication that EU projects have mitigated the internal conflicts within the Hungarian trade union movement. On the contrary, from the HUF 3.7 billion (€12.46 million) received from the EU, a single project led by the Liga confederation received HUF 1.6 billion (€5.39 million), raising concerns about the cordial relations between Liga’s then leadership and the Orbán government.11

Already from late 1990s, cross-border international cooperation in terms of information flow, study exchanges and visits were thriving in particular in the two counties of Bács-Kiskun (with Romania and most states of former Yugoslavia, especially Serbia), and Vas (with Austria). Here territorial county-level organizations of confederations, especially of MSZOSZ and affiliated industrial unions, took a leading role. One of the most significant consequences of EU accession, combined with the 2008 financial and economic crisis, was the accelerating emigration of Hungarian workers to Western Europe (Bohle and Greskovits 2019: 1,083). This process spurred some action in terms of cross-border cooperation between trade unions in Hungary and in the ‘old Member States’. Several cross-border initiatives were launched with the aim of tackling the exploitation of the Hungarian migrant workforce, with the involvement of home and host country trade unions, such as between MASZSZ and Austria’s ÖGB. One particular issue is posted work, on which the Metalworkers’ Federation (Vasas) cooperates with the German Trade Union Confederation and trade unions from some other new Member States in a project called ‘Fair working conditions’, also supported by the European Commission.12 More recently, in 2018, all Hungarian confederations joined confederations of other Visegrad countries in a declaration calling for the reduction of the intra-EU wage gap, in line with the European Pillar of Social Rights. In more general terms, EU membership tightened the Hungarian economy’s integration into European value chains and opened further opportunities for management whipsawing in the EU’s core economies (Greer and Hauptmeier 2016). In a bid to counteract these pressures, a significant part of EU accession–related institution building took the form of participation in EWCs involving representatives from the Hungarian subsidiaries of multinational companies. As the cumulative data suggest, along with other works councils in the Visegrad countries, trade union

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11 See, for example, NOL (2013).
12 See: https://www.fair-labour-mobility.eu/
representatives in multinational companies that relocated some of their production to Hungary viewed the involvement of their works councillors in EWCs very differently: opinions differed from very useful to not useful (Krzywdzinski and Schröder 2017).

Trade unions in the EU core can also prevent such pressures by helping labour organization in peripheral countries such as Hungary. The German and the Hungarian metalworkers’ unions IG Metall and Vasas have launched initiatives in that direction. The two unions established joint offices in Hungary at major plants of German carmakers in 2016 and 2017, and promoted training and organizing activities at these sites (Silvia 2020: 413–414).

In terms of participation in the European Trade Union Confederation (ETUC) and engagement with EU institutions, Hungarian trade unions take a reactive position. Their leadership is represented at the European level; for example, Viktória Nagy of SZEF was elected president of the ETUC Youth Committee in 2017 (ETUC 2017). Nevertheless, whereas confederations regularly report to, and seek support from, EU-level trade union organizations, trade union leaders report little enthusiasm for EU issues from the rank-and-file. The participation of Hungarian trade unions in EU-level campaigns is also hindered by the fragmentation of the movement and by the uneasy relationship with political parties.

Conclusions

This chapter suggests that Visser’s marginalization thesis applies to Hungary: ‘marginalization is most likely where decline and ageing have reached extremes and where unions lack the backing of legal and social institutions and are confronted with a political and social climate of hostility or indifference’ (Visser 2019: 71). Irrespective of opportunities arising in the wake of EU accession, the history of Hungarian trade unions during the past thirty years can be described as a continuous battle against marginalization. The economic shock of the capitalist transition confronted them with a real threat of marginalization from the 1990s. Marginalization in the context of economic and political regime transition meant a decline in trade union membership, the fragmentation of trade union structures, and a legitimacy crisis, in which unions had to redefine their role while facing a hostile or indifferent public opinion.
In this chapter two prominent strategies with which Hungarian trade unions attempted to counteract these initial challenges were highlighted, together with the reasons why these strategies failed to halt marginalization processes. The first strategy was market-based, the second state-based. First, trade unions from the beginning of the transition redefined themselves as market actors. In Hyman’s framework of a triangular relationship between market, society and class, Hungarian unions firmly placed themselves in the corner of the market, with only a few shades of society and class (Hyman 2001). They redefined their role as market actors with the goal of improving terms and conditions of employment for members, either through collective bargaining or through direct lobbying of company management. Trade unions relied on a professional servicing model, based on the representation of core employees. This market-oriented strategy has been defensive, as it focused on already organized workers in core, competitive segments of the economy and was not able to deal with increasing labour market dualization. Because of capacity problems, interest representation of the most precarious employees and outsider social groups featured low on the union agenda (Neumann and Tóth 2018: 136). Furthermore, the core is shrinking as trade unions are unable to protect even core members in difficult times. ‘Society’ featured on their agenda only to the extent of embracing the idea of ‘social partnership’, but their capacity to influence social and economic policymaking has faded over time and was shattered by the government change in 2010. The increasing concentration of trade union membership in the public sector nevertheless pushes unions beyond a narrow market-based strategy, as issues of redistribution and social reproduction feature prominently in public sector industrial relations. Class antagonism, going beyond strictly defined issues of wage bargaining, has never featured in the vocabulary of Hungarian trade unions since 1989.

What the Hyman triangle is missing but which has been crucial for Hungarian trade unions in the past thirty years is their relationship to the polity. The second dominant reaction to membership decline, and to a weakening structural position within trade unions, was to build close political links, partly through tripartite channels, partly through political parties. Trade union confederations accepted incorporation or were co-opted into a whole spectrum of tripartite institutions that secured resources for them and could function in ‘good’ times, but not in crisis situations. The limits of this politically focused strategy were revealed already in the early years of transition, when the most important austerity,
Hungary: trade unions on the brink of marginality

liberalization and privatization measures were implemented without trade union consent and through unilateral legislation. Furthermore, the reliance of the confederations on the polity constituted an unbalanced model of union capacities, with the majority of paid experts and bureaucrats concentrated at peak confederal level, although the peak-level lacked authority over affiliates. Industrial unions in privatized manufacturing had no institutionalized role, and typically no partners on the employer side to push for more comprehensive coordinated regulation. The weakness of industry- and sector-level organizations has remained the Achilles heel of Hungarian trade unionism.

More precisely, this chapter demonstrates that László Neumann’s note of caution about Hungarian trade unions’ reliance on institutions has been warranted by the experience of the fifteen years since 2005. The institutions that gave unions the illusion of power at the turn of the millennium proved ineffective in the face of political and economic crises in 2006 and 2008, and they were swept away by the conservative political forces that have governed Hungary since 2010. The key finding of this chapter is that from the 1990s Hungarian unions, especially confederations, depended too much on channels of inclusion in the polity, mediated through their relationship with political parties. As union strength was concentrated in the public sector, even greater political vulnerabilities came to the fore in situations of fiscal austerity and political crises. Losing direct institutional access to the polity, trade unions have been in a process of experimentation since 2010, including protest, co-option and attempts to regain power on the ground by relying on structural and societal power resources. As part of this experimentation, in recent years there has been a detectable increase in social support for unions, which could also be associated with their increased use of media and social spaces.

As they used to rely on involvement in tripartite institutions confederations have found it most difficult to adapt, while some industry- and company-level unions have been partly able to compensate for institutional weakness thanks to the economic recovery that started in the middle of the decade. For the first time since 1989 instead of unemployment, labour shortages were the main issue confronting the Hungarian labour market, causing tensions regarding work intensification and, in theory, giving increased structural power to workers and temporary collective action opportunities to unions (Silver 2003). In practice, rather than engaging in collective action and unionization, restrictive strike
legislation and managerial unilateralism pushed workers into individualized forms of exit, as turnover mounted and emigration to other EU countries also increased. Such developments came to an abrupt end with the slowdown of the global economy in 2019 and with the Covid pandemic in 2020. As marginalization went hand in hand with the problem of declining organizational capacity, trade unions did not have the resources to tackle challenges of digitalization and green transition thoroughly. At best, conferences or workshops were organized on these issues, but these did not result in a sustainable strategy or outcome. Overall, trade unions have been unable to translate labour’s market power at the end of the 2010s along solidaristic lines to increase bargaining power, and this has become even more difficult in the unfavourable economic circumstances post-2020.

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All links were checked on 13 June 2021.


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**Abbreviations**

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AHFSZ</td>
<td>Audi Hungária Független Szakszervezet (Audi Hungary Independent Trade Union)</td>
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<td>APB</td>
<td>Ágazati Párbeszéd Bizottság (Sectoral Social Dialogue Committee)</td>
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<td>ASZSZ</td>
<td>Autonóm Szakszervezetek Szövetsége (Confederation of Autonomous Trade Unions)</td>
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<tr>
<td>EDDSZ</td>
<td>Egészségügyi Dolgozók Demokratikus Szakszervezete (Democratic Trade Union of Healthcare Workers)</td>
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<td>ÉSZT</td>
<td>Értelmiségi Szakszervezeti Tömörülés (Confederation of Unions of Professionals)</td>
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<td>ÉTMOSZ</td>
<td>Életre Tervezett Munkavállalók Országos Szakszervezete (National Trade Union of Employees Designed for Life)</td>
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<td>EVDSZ</td>
<td>Egyesült Villamosenergia-ipari Dolgozók Szakszervezeti Szövetsége (Federation of Workers in Electricity Generation)</td>
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<td>EWCs</td>
<td>European Works Councils</td>
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<td>FIDESZ</td>
<td>Magyar Polgári Szövetség (Hungarian Civic Alliance)</td>
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<tr>
<td>GSZT</td>
<td>Gazdasági és Szociális Tanács (Economic and Social Council)</td>
</tr>
<tr>
<td>KASZ</td>
<td>Kereskedelmi Alkalmazottak Szakszervezete (Trade Union of Retail Employees)</td>
</tr>
<tr>
<td>KSH</td>
<td>Központi Statisztikai Hivatal (Central Statistical Office)</td>
</tr>
<tr>
<td>Liga</td>
<td>Független Szakszervezetek Demokratikus Ligája (Democratic League of Independent Trade Unions)</td>
</tr>
<tr>
<td>MASZSZ</td>
<td>Magyar Szakszervezeti Szövetség (Hungarian Trade Union Confederation)</td>
</tr>
<tr>
<td>MOSZ</td>
<td>Munkástanácsok Országos Szövetsége (National Confederation of Workers’ Councils)</td>
</tr>
<tr>
<td>MSZOSZ</td>
<td>Magyar Szakszervezetek Országos Szövetsége (National Confederation of Hungarian Trade Unions)</td>
</tr>
</tbody>
</table>
Hungary: trade unions on the brink of marginality

**MSZP**  *Magyar Szocialista Párt* (Hungarian Socialist Party)

**MTSZSZ**  *Mérnökök és Technikusok Szabad Szakszervezete* (Free Trade Union of Engineers and Technicians)

**NGTT**  *Nemzeti Gazdasági és Társadalmi Tanács* (National Economic and Social Council)

**OÉT**  *Országos Érdekegyeztető Tanács* (National Council for the Reconciliation of Interests)

**PSZ**  *Pedagógusok Szakszervezete* (Teachers’ Trade Union)

**SZEF**  *Szakszervezetek Együttműködési Fóruma* (Trade Unions’ Cooperation Forum)

**SZOT**  *Szakszervezetek Országos Tanácsa* (National Trade Union Council)

**Vasas**  *Vasas Szakszervezeti Szövetség* (Vasas Metalworkers’ Trade Union Federation)

**VDSZ**  *Magyar Végypari, Energiaipari és Rokon Szakmákban Dolgozók Szakszervezeti Szövetsége* (Federation of Chemical Workers of Hungary)

**VDSZSZ**  *Vasúti Dolgozók Szabad Szakszervezete* (Free Trade Union of Railway Workers)

**VKF**  *Versenyszféra és a Kormány Állandó Konzultációs Fóruma* (Standing Consultative Forum for the Private Sector and the Government)

**VSZ**  *Vasutasok Szakszervezete* (Trade Union of Railway Workers)