Within most industrialized societies trade unions historically occupied a key position. In helping to construct modern liberal democracies unions struggled for collective representation, participation and universal suffrage. The widespread coverage of collective bargaining was associated with a diminution in inequality, an increasing wage share of national income and negotiated outcomes that informally linked inflation, productivity growth and wages. Within the workplace, unions negotiated protection against risks of illness and accidents as well as ensuring a degree of procedural fairness by means of grievance and disciplinary procedures. In alliance with Social Democratic, Labour and, in some countries Christian-democratic and Communist Parties, unions sought and secured rhetorical, if not political, commitments to seek full employment.

Within Western Europe analyses of the European social model emphasize a number of core features including forms of policy coordination that promote economic growth and consensual labour market development; the integration of social and welfare policy with economic policy; minimum terms and conditions of employment, more often than not underwritten by the state; and the independent representation of workers (Crouch 1993; Hyman 2005; Lane 1989). Central to each of these features is the role of trade union organizations and collective bargaining (Crouch 1999: 32–47; Sassoon 1996), characteristics that separate

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1 The term ‘trade union organizations’ is used throughout this publication to refer collectively to all trade unions: that is, at European level the ETUC and the ETUFs,
Europe from neoliberal forms of economic management, typified by the United States (Coates 2000: 77–106; Crafts and Toniolo 1996b), and contribute positively to long-term economic performance (Eichengreen 2007; Gamble 2014). This book explores whether trade union organizations are in a position to sustain their role within the national variants of the European social model.

The shift towards neoliberalism after about 1980 threatened the position of unions within the European Union (EU). Views on the impact of this threat vary. At one extreme it is argued that neoliberalism has fundamentally altered industrial relations institutions and practices (Baccaro and Howell 2017), whereas others highlight the resistance and adaptation to the neoliberal project (Dølvik and Martin 2015) and the variation in its impact (Müller et al. 2019). What is clear is that trade unions in the EU are not in a good place. Unionization rates are at their lowest level since 1950 (Visser 2019a) and, at best, the resources deployed to organizing and recruitment campaigns have merely slowed national rates of decline (Holgate et al. 2018; Phelan 2007; Urban 2012). Mobilization in the form of strike activity to defend workers’ interests is also at low ebb in most Member States of the EU (Vandaele 2016; van der Velden et al. 2007). Furthermore, the ‘standard’ union pursuit of improved pay and conditions for workers has been jeopardized by a decline in the coverage of collective bargaining and the decentralization of much of the collective bargaining that remains (Waddington et al. 2019). As a consequence, unions set the terms and conditions of employment for a smaller proportion of the workforce. The trust expressed by various groups of workers in unions, however, has not diminished in most countries (Frangi et al. 2017; Gorodzeisky and Richards 2019). The decentralization of collective bargaining requires trade unions to coordinate the settlement of decentralized collective agreements to ensure a degree of parity between workers who were previously covered by the same industrial agreement. In practice these developments mean that there are fewer resources available

and at national level trade union confederations, and national, regional or local trade unions.

Some would argue that the EU is a neoliberal project by definition (Gray 2004; Streeck 2019). While this argument is rejected here, it is acknowledged that neoliberal policies have informed the direction of travel of the EU over the period of interest of this publication: that is, since 2000.
to unions at a time when more wide-ranging tasks, the coordination of settlements, necessitating increased resources are required.

This publication assesses the position of trade unions in the EU since 2000. As such, it ‘follows on’ from an earlier European Trade Union Institute (ETUI) publication on European trade unionism (Waddington and Hoffmann 2000) and incorporates analysis of the impact of adopting the Euro and successive EU enlargements. The publication argues that the viability of the trade union pillar within some national variants of the European social model is threatened. To situate unions within a historical perspective this chapter comprises three sections. The first section reviews the historical bases of unionism during the ‘golden age’ between 1945 and 1975 and outlines the features of the subsequent neoliberal challenge to unionism to introduce the changing position of unions. The second section charts the changes in the labour market, economic outcomes and collective bargaining concurrent with the neoliberal project since the year 2000. These two sections thus identify the challenges faced by trade unions within the EU. The country chapters that form the body of the book and the concluding chapter examine in more detail how the neoliberal project has impinged on trade unionism within each Member State of the EU and identify how trade unionists have responded to these challenges. The third section reviews the themes addressed by the country experts in their chapters on the twenty-seven Member States of the EU and outlines the structure of the publication. Throughout all the chapters in this publication reference is made to data available in Appendix A1.

From ‘golden age’ to neoliberal challenge

During the ‘golden age’ (Marglin and Schor 1990) or ‘trente glorieuses’, 1945 to 1975, trade unions in Western Europe advocated reform centred on workers’ rights, improvements in terms and conditions of employment and industrial citizenship in economic management.

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3 We acknowledge that the United Kingdom was a Member State of the European Union for much of the period under review here. Brexit, however, distanced the United Kingdom from the European Union and led to changes in the relationship between the European Trade Union Confederation and the Trades Union Congress. For these reasons there is no Chapter on the United Kingdom included in this volume. Examples from the United Kingdom are included in both Chapters 1 and 29 to illustrate arguments of wider scope.
Against the counterpoint of the command economies dominant within Central and Eastern Europe (CEE), the noteworthy feature of the period within market capitalism was the extent to which trade unions in Western Europe realized ambitions in these fields (Ross and Martin 1999: 6). In contrast, in much of CEE trade unions were incorporated into systems of governance dominated by Communist Parties, to which the unions were largely subservient. This section identifies the key features of the ‘golden age’ as a means of identifying the extent of the challenge to unions inherent in neoliberalism and, in particular, the threat to the legitimacy of trade unions.

**From the ‘golden age’ to …**

Underpinning trade union progress in Western Europe during the ‘golden age’ was economic growth. Although this growth was cyclical, it was characterized by relatively long upswings and relatively short downswings (Crafts and Toniolo 1996a). Multinational companies (MNCs) were drivers of economic growth, basing their activities on ‘fordist’ mass production of goods, which were primarily intended for sale in national markets. Within MNCs ‘affluent workers’ were able to secure higher wages and enhanced job security in return for their cooperation at work, required by management to meet the demand arising from rising living standards (Goldthorpe et al. 1969). While rarely formally agreed or made explicit, wage growth became associated with a trade-off involving inflation and productivity growth (Marglin and Schor 1990). The increasing coverage of collective bargaining facilitated such trade-offs within all companies. This ‘virtuous circle’ powered high rates of economic growth until the late 1960s when rates of growth slowed and then subsequently dived as the impact of the oil crisis hit home and stagflation resulted (Eichengreen 2007: 198–251) coupled to a resurgence of industrial conflict (Crouch and Pizzorno 1978).

Accompanying the high rates of economic growth during the ‘golden age’ was the broadening of the role of the state informed by Keynesian policies (Howell 2005: 86–130). The welfare state was extended in scope and depth (Esping-Andersen 1990), and, at least, rhetorical commitments were made to securing full employment by parties of the political left and right. Trade unions participated in decisions made by the state at the centre and within the localities, particularly, but not exclusively, when left-of-centre parties were in power. Corporatist or tripartite arrangements
afforded trade unions influence within national policy making, which promoted alliances between unions and political parties. Many unionists, for example, sought election to public office as representatives of the political party with which the unions were in alliance. Under pressure predominantly from unions, the state broadened industrial citizenship in the form of board-level employee representation, works councils, health and safety committees and other forms of workplace representation. This was particularly the case in the public sector where the state acted as a ‘model employer’ to promote similar developments in the private sector.

Trade unions benefitted from these developments. From a principally male, full-time, manual and manufacturing core membership unions extended organization to include some white-collar and women members. With the exception of the countries with variants of the Ghent system, where unions were involved in the administration of unemployment insurance, large segments of private sector services remained unorganized. Retail, hospitality, catering and tourism, for example, were low union density segments of most economies. Burgeoning membership allowed unions to finance and offer a wider range of services to members encompassing research, legal and training departments. Similarly, full-time officers and lay representatives with extensive time-off provisions ‘serviced’ the growing membership by means of increasingly formalized grievance and disciplinary procedures.

Although pleas to internationalize became louder towards the close of the ‘golden age’ (Levinson 1972), trade unions remained national in orientation. Engagement with the nation state afforded the only opportunities to secure improvements in welfare provisions and legislation on union security. Similarly, collective bargaining arrangements were reliant on national industrial settlements, thus accentuating the national focus of unionists. The linkage between wages, inflation and productivity growth that informed collective bargaining was also based on national data and comparisons. Although some MNCs engaged in company bargaining, most were signatories to national industrial agreements and none introduced transnational settlements for the entire MNC. While the establishment of the European Trade Union Confederation (ETUC) in 1973 constituted a step towards greater European trade union

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4 The term lay representative is used to refer to shop stewards, works councillors or their equivalents.
internationalization, the initial limited affiliation and the rudimentary structures were indicators of the limits to trade union internationalization, (Degryse and Tilly 2013; Dølvik 1999).

The potential for rapid economic growth in CEE after 1945 was present in the form of catch-up effects as largely agricultural economies industrialized and, as in the West, made good the damage wrought by the Second World War (Eichengreen 2007: 131–162). This potential of ‘input capitalism’ was not realized. The central planning system in which all major industries were owned by the state resulted in the rapid creation and expansion of the industrial base, but economic growth became dependent upon ever-greater inputs of labour and capital from about 1960 (Aldcroft and Morewood 1995). The subsequent failure to invest in modern machinery, labour shortages and poor management practices further impaired economic growth (Berend 1996).

In this context, the situation of trade unions in CEE differed markedly from their counterparts in the West. As close, yet subservient, allies of the various national Communist Parties, unions became integral to the system of exhortation directed towards productivity growth. In the absence of rising living standards, marked limits to consumption, under-investment in housing and communications, and poor power provisions (Eichengreen 2007: 140; Mazower 2000: 253–289), unions were associated with the failures of central planning rather than institutions concerned to raise the living standards of members. Instead, trade unions in CEE emphasized a social role. The provision of convalescent homes, facilities at holiday resorts and extensive child-care arrangements exemplified the social aspect of union practice. These provisions coupled to advantages to members through trade union links to the Communist Party ensured high levels of union density. In 1970, for example, union density was estimated at 80.0 per cent or higher in each of the CEE countries where Communist Parties were in power.\(^5\) Trade union density was thus markedly higher in CEE than in Western Europe.

Throughout most of CEE trade unions at the workplace were concerned to meet productivity, output and other targets required within the terms of central planning. Union involvement was thus an element of workplace management. It should be noted, however, that training

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\(^5\) This figure is based on estimations provided by members of the network that produced this publication from CEE.
provisions were extensive with the consequence that significant proportions of the workforce were relatively highly skilled in some countries, notably Czechoslovakia and Hungary. The exception to the managerial function performed by unions in CEE was Yugoslavia where a system of self-management was implemented with each self-managed enterprise managed by an elected works council. Yugoslav self-management led to a degree of democratic rather than bureaucratic planning and the emergence of market relationships between self-managed enterprises (Moore 1970; Singleton and Topham 1963). Initially self-management was independent of Yugoslav unions, which occupied a similar position to their counterparts elsewhere in CEE, but after about 1970 Yugoslav trade unions supported unofficial strikes called against incomes policies implemented to curb inflation (Coates and Topham 1972: 244).

In summary, the ‘golden age’ was a phenomenon of Western Europe that enabled trade unions to consolidate economic and political positions that hitherto they had not achieved. Within CEE the position of unions was also consolidated in a subservient relation to the Communist Party. The contrast between trade unionism in Western Europe and CEE was thus marked. Furthermore, these differences were accentuated when the Soviet bloc disintegrated and the system within which trade unions were consolidated was replaced.

... the neoliberal challenge

The neoliberal policy agenda impacted all Member States, albeit to different degrees dependent inter alia upon the resilience of trade union organization, the degree of union embeddedness in labour market and welfare institutions, and the intensity of the adopted neoliberal programme. At the core of the neoliberal agenda was the rejection of Keynesian assumptions, including the rejection of full employment as a desired political target and the prioritization of the control of inflation (Baccaro and Howell 2017). Post-1980 levels of unemployment have thus been consistently higher than those recorded during most of the ‘golden age’ with a subsequent weakening of the bargaining position of trade unions (see Table A1.J). In pursuit of reduced inflation governments sought

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6 Chapters 5 and 26 examine whether this different pattern of development impinges on trade union practices in Croatia and Slovenia after 2000.

7 All tables marked A1 are available in the appendix.
increases in labour market ‘flexibility’. In this context trade unions and collective bargaining were viewed as labour market rigidities, which were to be reduced in effect. Accompanying attempts to reduce the coverage of collective bargaining were initiatives to promote the decentralization of collective bargaining, which were generally supported by employers. In CEE where unions and collective bargaining were at a different level of development compared to Western Europe, measures were taken to limit their development with adverse consequences for union density, which plummeted immediately after the transformation, and the coverage of collective bargaining, which remained sparse. Only in Romania and Slovenia were industrial bargaining arrangements established and these were short-lived in Romania (Trif and Paolucci 2019). Elsewhere in CEE where collective bargaining was established it tended to operate at company level.

Employers lobbied hard for these political changes and took advantage of the political opportunity to introduce a range of policies that further inhibit union organization, particularly in the form of human resource management (HRM) practices designed to enable managers to speak directly with workers rather than through their union workplace representative or works councillor, and so-called flexible working based on neoliberal legislation that limits job security. Although the extent to which Fordist production will disappear is debated (Coriat 1995; Hirst and Zeitlin 1991), it is clear that other production regimes, incorporating flexible specialization, are becoming embedded, again requiring a shift in union organization (Boyer and Drache 1996; Iversen and Soskice 2019: 136–215).

A further objective of the neoliberal programme is a reduction in the size and the role of the state. Privatization of industries and services owned by the state was commonplace in Western Europe after 1980, together with the introduction of mechanisms intended to promote internal markets within the remaining public sector. In CEE the extent of privatization was more wide-ranging, an impact compounded by the high rates of foreign direct investment from Western European- and United States (US)-owned MNCs (Bohle and Greskovits 2012: 262–267). In practice, throughout much of Europe public sector employment contracted as a proportion of the labour force, thereby shifting employment from economic segments of union strength to segments of relative union weakness.
Regarding the role of the state the neoliberal intention was to ‘distance’ the state from trade union engagement. In Western Europe many tripartite and corporatist institutions were dismantled or downgraded in influence, thus limiting union involvement in policy formulation (Baccaro and Howell 2017). In CEE tripartite institutions were established ostensibly to generate political support for the transformation to market economies, to settle minimum wages, to manage welfare provisions and to establish systems of industrial relations. Many of these tripartite institutions, however, were shown to be illusory, a means to generate neoliberal outcomes and a contraction of the welfare state, and a mechanism to ensure that labour recognized the weakness of its position (Bohle et al. 2007; Ost 2000).

During the ‘golden age’ the focus of trade union activity was within the nation state. Concurrent with the ascendency of the neoliberal policy agenda were further developments towards globalization and internationalization that rendered obsolete a sole union focus on the nation state. For unions, however, a focus on the nation state remained imperative as welfare provisions, legislation on social security and most collective bargaining institutions and practices remained national, albeit often taking international developments into account. While the nature and impact of globalization are contested (Munck 2002; Nichols and Cam 2005), it is apparent that the absence of agreed global regulation or a ‘global compact’ (Held 2004: 55–72) promotes regime competition as MNCs seek sites from which to base their activities more competitively (Greer and Hauptmeier 2016). In this context, national regulations sought by unions and labour unrest may act to encourage MNCs to locate activities where regulations are less demanding, which, in turn, may create conditions favourable for further unionization (Silver 2003). Regime competition results in operating standards below those sought by unions and, beyond Europe, the exclusion of trade unions from the workplace. The challenge for unions is to establish, or be integral to, a global regulatory framework, which ensures decent standards, however these may be defined.

Within the EU, integration, enlargement and the adoption of a wider range of European regulation has necessitated trade union interventions at European level. Trade unionists could no longer defend their interest by acting solely within the nation state. The ETUC and the European Trade Union Federations (ETUFs), which operate at industry level, are relatively ‘immature’ organizations that are in the process of establishing a
raison d’être at a time when resources are limited. To ensure an articulated response to EU-level policy proposals the ETUC and the ETUFs must liaise with affiliated trade union organizations operating at national level. In short, to formulate coherent EU-level policies, additional resources are required at a time when membership decline effectively curtails the resources available to trade unionism. This pressure is felt most markedly in CEE where unions are relatively poorly resourced. Furthermore, the different ‘starting points’ of Western European and CEE trade unions as they emerged from the ‘golden age’ raises questions about how a unified union position might emerge and the form it might take (Adamczyk 2018; Müller and Platzer 2020). Similarly, differences in national industrial relations systems have led to intense debates within the ETUC as to the form European regulation preferred by trade unions might take (Lovén Seldén 2020; Seeliger 2019).

Concurrent with the neoliberal challenge was the weakening of the links between trade unions and social democratic or labour parties, as left-of-centre parties abandoned rhetorical demands for ‘full employment’ in favour of assigning preference to the control of inflation with adverse consequences for the bargaining position of unions (Haugsgjerd Allern and Bale 2017). The idea of trade unions working in conjunction with left-of-centre political parties in a labour movement has become increasingly open to question. In Germany and the United Kingdom (UK), for example, The ‘Agenda 2010’ adopted in 2003 by the Social Democratic-led coalition government of Chancellor Schröder and the ‘third way’ strategy of the Labour government of Prime Minister Blair were effectively programmes that copied many of the policies of their right-of-centre predecessors (Spier 2017; Webb and Bale 2017). Also in the political sphere, large numbers of unionists and potential members now vote for far-right nationalist and populist parties, albeit among unionists at a lower rate than among the population as a whole, further eroding the political position of trade unions (Mosimann et al. 2019; Oesch 2008).

Within the polity at EU-level the Alliance of Socialists and Democrats (S&D) was the largest parliamentary group until 1999, but, with the exception of the fifth European Parliament 1999–2004, has operated as

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8 The title Alliance of Socialists and Democrats was adopted in 2009. While there were several name changes beforehand the most longstanding was the Party of European Socialists (PES), which is still used in some circles today.
part of a grand coalition with the Christian-democratic and conservative European People's Party (EPP), most recently as a means to limit the influence of the populist and nationalist right-of-centre. The price of this coalition is adherence to the neoliberal economic agenda advocated by the EPP and the absence of any recent significant progress on a European social policy agenda. This pattern of development is characterized by an increasing reliance on ‘soft’ law regulation (Sapir 2014), an asymmetry between market enforcing and market correcting measures (Scharpf 2009), the ‘social deficit’ apparent in economic and social union (Hinarejos 2016), and the limited aspirations of the EU Pillar of Social Rights (Lörcher and Schömann 2016). It remains to be seen whether the European Commission led by Ursula von der Leyen will significantly change course, despite far-reaching initiatives such as the directives on adequate minimum wages in the EU and on platform workers.

The ascendancy of the neoliberal political agenda is associated with a shift in the pattern of regulation in Western Europe involving the abandoning of Keynesian policies and in CEE the rejection of command economies. Throughout the EU trade unions are thus in the process of adjustment to radically changed circumstances. At its core, the neoliberal project intends to remove the state from intervening in the relation between capital and wage labour. From the neoliberal perspective the role of unions and collective bargaining thus needs to be curbed. Differences in the strength of trade unions, their institutional embeddedness and the intensity with which the neoliberal agenda is pursued ensure that neoliberalism has had varied national effects on unionism. Further exacerbating this situation are the uneven effects of digitalization, environmental change and migration. Examination of this variation between Member States is central to the country chapters. To introduce these analyses this chapter now elaborates the scale of changes in labour markets, economic outcomes and collective bargaining concurrent with the neoliberal project.

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9 It should be noted in this context that when the PES was relatively stronger than currently, it followed the ‘third way’ or ‘neue mitte’ policies that embraced many of the assumptions of the neoliberal project, with the consequence that progress of social policy was limited.
Charting the scale of change

In outlining the ascendency of neoliberal policies, the previous section acknowledged historical differences between CEE and Western Europe, and between Member States within these two groups. This section enumerates the scale of these differences by reference to the labour market, economic outcomes and collective bargaining. In so doing the section maps in data terms the situation within each Member State, which is then elaborated within the country chapters. The data are presented in two forms: within the section graphically and separately for Western (EU16) and Eastern (EU11) Europe covering the period 2000 to 2020, and in the Appendix, which includes data, where available, showing the averages for the 1960s, 1970s, 1980s, 1990s together with annual data from 2000 for each Member State. Data on individual Member States presented in this chapter are drawn from Appendix A1 unless otherwise stated.

The changing composition of the labour market

As well as diminishing the impact of trade unions and collective bargaining, the shift away from Keynesian economics inherent in the neoliberal project has required increasing flexibility and insecurity within the labour market. Within the EU the pursuit of increasing flexibility is associated with attempts to maintain some security for workers within the labour market, hence the promotion of ‘flexicurity’ by the European Commission (Wilthagen and Tros 2004). Accompanying and, in part, driven by the requirements of the neoliberal project are marked changes to the composition of the labour market and a weakening of the contractual position of workers. Changes in the composition of the labour market, whether they are a result of neoliberal policies or have other origins, have interacted with the diminished impact of trade unions and collective bargaining. The power resources approach, for example, demonstrates that high unemployment and shifts in the composition of the labour market away from the traditional model of male full-time

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10 The EU16 comprises Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Spain and Sweden. The EU11 comprises Bulgaria, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.
employment in manufacturing weakens the structural and organizational power resources of workers and, hence, trade unions (Lehndorff et al. 2018; Schmalz et al. 2018). Structural power resources refer to the strategic location of workers within the labour process and their bargaining power within the labour market resulting from the scarcity of workers, which is diminished at times of high unemployment. Organizational power resources refer to the numerical strength of unions and their ability to successfully mobilize members. Organizational power resources are negatively affected by changes in the composition of the labour market because some sections of the labour market are more difficult for unions to organize (Levesque and Murray 2010).

Quantitative changes in the composition of the labour market are examined in five stages. The first stage assesses the impact of neoliberal policies on unemployment rates, while the second stage analyzes changes in employment rates. The third stage charts the feminization of employment. The fourth stage enumerates shifts in employment away from manufacturing towards private sector services, the so-called ‘tertiarization of employment’. The fifth stage maps the growth of part-time and temporary employment and discusses the rise of contractual forms that differ from ‘standard’ employment. It is acknowledged from the outset that there are significant interrelationships between the changes charted here. As the country chapters show, the form of these interrelationships varies between countries. The argument that resonates throughout is that there have been marked changes in the labour market since the 1960s many of which have made it more difficult to sustain trade union organization (Ebbinghaus and Visser 1999).

**Unemployment**

Integral to the shift away from Keynesian policies was the political downgrading of the pursuit of full 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 1.1 shows the movements in the weighted averages of the unemployment rate from 2000.
Among the EU16 the rate of unemployment varied within a relatively narrow range between 2000 and 2020. Unemployment increased following the sub-prime and financial crisis of 2008–2009, declined thereafter before rising again as the Covid pandemic hit. Although unemployment tended to rise throughout the EU16 after 2008, Table A1.J demonstrates that particularly sharp increases were recorded in the countries in which the Troika imposed neoliberal austerity measures. The Troika comprised the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission. The Troika implemented a series of neoliberal austerity policies in countries within which a sovereign debt crisis arose as a result of the sub-prime and banking crisis of 2008.

Compared with the 1960s and 1970s, unemployment rates in the EU16 during the twenty-first century were universally higher. In nine

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The Troika comprised the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission. The Troika implemented a series of neoliberal austerity policies in countries within which a sovereign debt crisis arose as a result of the sub-prime and banking crisis of 2008.
Member States the average annual rate of unemployment after 2000 was higher than that recorded during the 1980s, whereas in five 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 (Bruff 2008; Visser and Hemerijck 1999), respectively, as coordinated responses involving the state and social partners. These measures led to marked reductions in unemployment, albeit accompanied by wage moderation (Eichengreen 2007: 388–393). Such initiatives have not been replicated during the twenty-first century among the EU16. 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 (Maccarrone et al. 2019). 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 actors involved, although some bilateral company-level arrangements were concluded when the workers’ side made concessions to safeguard employment (Urban 2012).

Figure 1.1 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 EU16, reflecting the relatively limited direct exposure of the EU11 to the sub-prime and financial crisis (Bohle and Greskovits 2012). In contrast,

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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 five Member States with lower recent rates are: Belgium, Denmark, Ireland, the Netherlands and Spain. No data are available for Cyprus and Malta for the 1980s, hence these two countries are excluded.
compared with the unemployment rate during the 1990s, twenty-first century average annual unemployment rates are higher in six of the EU11 Member States and lower in three, confirming the impact of the wide 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 EU16 Member States has mitigated unemployment rates within the EU11 (Ther 2016: 246–248, 308–311).

**Employment**

Following the terms of the Amsterdam Treaty, at the Luxembourg jobs summit of November 1997 the EU launched the European employment strategy, which at the Lisbon summit of March 2000 was linked by the European Council to the European strategy for a knowledge-based economy. At the subsequent Nice summit in 2001 a range of key structural indicators were adopted as measures of progress towards the implementation of the Lisbon strategy. Among these indicators were targets for an overall employment rate of 70 per cent and a 60 per cent employment rate for women aged between 16 and 64 by 2010. In 2010 the European Council adopted the Europe 2020 strategy integral to which was the achievement of an employment rate of 75 per cent for adults aged between 20 and 64 years for each Member State by 2020.

Figure 1.2 maps the weighted average of the employment rate for the EU16 and EU11 since 2000. The employment rate for the EU16 rose steadily after 2000 from 66.1 to over 71.9 per cent. In quantitative terms, there is no apparent adverse effect on the aggregate employment rate from the sub-prime and financial crisis. Keeping up the level of employment, however, came at the price of deteriorating job quality marked in particular by an increase in nonstandard forms of employment and with average levels of job quality in the EU remaining below pre-crisis levels (Piasna 2017). Where the Troika intervened, however, the employment rate declined markedly between 2008 and 2012: Cyprus, 76.5 and 70.2 per cent; Greece, 66.3 and 55.0 per cent; Ireland, 73.5 and 64.5 per

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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.
cent; Portugal, 73.1 and 66.3 per cent; and Spain, 68.5 and 59.6 per cent. These declines suggest that actions taken across Europe to secure some jobs in particular through the widespread use of short-time work schemes, albeit on reduced terms and conditions to cut costs during the financial and sub-prime crisis were insufficient in countries where the Troika intervened (Hijzen and Venn 2011; Theodoropoulou 2018).

**Figure 1.2.** Weighted average in the employment rate in EU Member States (%), 2000–2020

The employment rate in the EU11 declined sharply from 2000 to 2004 due to the impact of recession and post-1990 adjustment. Thereafter the employment rate consistently rose to more than 71.1 per cent in 2020, thus reaching a similar level to that in the EU16 in 2020. In all EU11 Member States the employment rate was higher in 2020 than in 2000, suggesting that irrespective of the chosen economic policy options the employment rate was generally protected. The current range of employment rates within the EU11, however, varies markedly from 67.1 per cent in Croatia to 79.3 per cent in Estonia in 2020. The quantitative development tells only part of the story, however. Despite the overall positive development of employment since 2000, which, in principle, should create favourable conditions for union organization, it should be noted once again that much of the increases in employment is due to the growth of
‘atypical’ jobs such as part-time and temporary employment, which are dealt with in more detail below (Piasna and Myant 2017; Rubery 2015).

**Feminization of the employed labour force**

From the 1960s the position of women within society and the labour market has changed markedly (Cunnison and Stageman 1995; Lewenhak 1980). In particular, regarding current purposes more women have participated in the labour market, albeit with considerable national variations in the rate of participation (see Table A1.L). Figure 1.3 illustrates two different plots on the feminization of the employed labour force in the EU11 and EU16 after 2000. In relative terms, the proportion of women in the employed labour force in the EU11 rose between 2000 and 2020 from 55.1 to 66.4 per cent of the labour force. Between 2000 and 2008, however, the proportion of women in the employed labour force tended to decline, a decrease that was reversed as men lost jobs in the period following the financial crisis. The range in the extent of feminization of the employed labour force in 2020 varies from 61.0 per cent in Romania to 75.8 per cent in Lithuania, indicating the impact of different social structures and welfare state regimes within the EU11.

**Figure 1.3.** Weighted average in the share of women in employment in EU Member States (%), 2000–2020
In contrast, Figure 1.3 shows an almost uninterrupted rise in the rate within the EU16 from 55.5 to 69.9 per cent by 2020. Although the rate of increase accelerated following the financial crisis, suggesting that men were most likely to lose their jobs in this period, it slackened thereafter as men subsequently found work. As with the EU11 there is considerable variation in the feminization rates among the EU16 Member States. Above-average feminization rates are found in the Nordic countries (Denmark, 74.3 per cent; Finland, 75.0 per cent; Sweden, 78.3 per cent), reflecting the long-term presence of policies designed to support gender equality at home, at work and in public life (OECD 2018b). Some Southern European countries exhibit relatively low feminization rates (Greece, 51.8 per cent; Italy, 52.7 per cent) again suggesting an impact of different social structures and welfare state regimes (Ferrera 2005).

**Changing sectoral composition of the labour force**

Figure 1.4 shows the shifts in the composition of the labour force by reference to industry and private sector services. It is acknowledged from the outset that these measures implicitly incorporate changes that are not quantified. The growth of employment in private sector services, for example, is associated with increases in employment at small workplaces, in labour turnover rates and the feminization of the labour force. In essence, there is a similar pattern in the EU11 and EU16: the share of employment in industry is contracting while that in private sector services is increasing. Within the EU11 and EU16 private sector services is now larger than industry. Whereas the financial crisis of 2008 marked the point when employment in private sector services overtook that in industry within the EU11, this point had occurred before 2000 in the EU16. Figure 1.4 illustrates the more marked impact of the financial crisis on employment in industry than private sector services. The rate of growth in employment in private sector services between 2000 and 2020 is similar in the EU16 and EU11 at around 10.0 percentage points.
In every Member State of the EU11 the share of employment in industry declined between 2000 and 2020 (Table A1.M). It is noteworthy, however, that the declines in Czechia (3.2 percentage points) and Slovakia (2.0 percentage points) were small compared to elsewhere, reflecting the presence of skilled workforces working in relatively high value-added occupations (Bohle and Greskovits 2012: 138–181). Only in Slovakia, however, was employment in industry in 2020 more numerous than in private sector services within the EU11 (Tables A1.M and A1.N). In every Member State of the EU16 private sector services constitutes a larger proportion of employment than industry.

**Part-time and temporary employment**

About 76 per cent of part-time workers in Europe aged between 20 and 64 years are women (Eurostat 2020). Part-time work is thus a means whereby the employment rate is increased by encouraging the participation of women. In several countries part-time workers were initially discriminated against in the form of inferior terms and conditions of employment, particularly regarding pay, sickness, holiday leave and job
security (Rogers and Rogers 1989; Standing 1999). Inferior job security encouraged the growth of part-time work in some countries, as employers viewed the ease of hiring and firing as a source of flexibility (Rubery and Fagan 1994). Legislation was enacted by some Member States to address these inequities and, in essence, set out to ensure that part-time work was pro-rata to full-time work at the same establishment. These national legislative initiatives were consolidated by the Part-time Work Directive (97/81/EC) in 1987, introduced as an anti-discrimination measure, which put part-time workers in Europe on a pro-rata footing with their full-time counterparts. The employer-driven flexibility of part-time work thus diminished over time, although it is apparent that discrimination against part-time workers has yet to disappear (Karamessini and Rubery 2014). Temporary work is also viewed as a source of flexibility insofar as short-term contracts may or may not be renewed dependent upon perceived economic circumstances, thereby enabling employers to vary the number of employees without reference to redundancy procedures (Standing 1999). Figures 1.5 and 1.6 illustrate the share of total employment that was part-time and temporary between 2000 and 2020.

Figure 1.5. Weighted average in the share of employment that is part-time in EU Member States (%), 2000–2020
Figure 1.5 shows that part-time work comprised almost 21.0 per cent of all employment in the EU16 in 2020, having steadily risen from under 17.0 per cent in 2000. With the exceptions of France and Portugal, where the share of total employment comprising part-time employment remained fairly constant, the share of part-time employment increased in every Member State of the EU16 after 2000. The consistency implied by this pattern of development is absent when comparing countries. In the Netherlands, for example, 50.8 per cent of employment consists of part-time workers (Visser 2002), whereas, at the other extreme, part-time work comprises only 7.5 per cent of total employment in Portugal.

Figure 1.5 also demonstrates that part-time work occurs less frequently within the EU11 than the EU16. Furthermore, within the EU11 the share of total employment that is part-time declined by almost 2 percentage points between 2000 and 2020. The pattern of development within the EU11 is disparate, however, with declines recorded in six countries between 2000 and 2020 (Bulgaria, Croatia, Latvia, Lithuania, Poland, Romania) and increases recorded in five countries (Czechia, Estonia, Hungary, Slovakia, Slovenia). Given the overall levels of part-time employment in the EU11 are much lower than in the EU16, it is not surprising that the range of occurrence is also narrower, varying from 1.8 per cent of employment in Bulgaria to 12.3 per cent in Estonia in 2020.

Figure 1.6 illustrates that temporary employment remained a fairly constant proportion of all employment within the EU16 between 2000 and 2020. By 2020 about 12.5 per cent of all employment was temporary, a significant proportion, but lower than that comprised by part-time employees. The wide-ranging effect of different national policy choices is also apparent (OECD 2019). In 2000, for example, Spain was an outlier with 25.8 per cent of employment composed of temporary work compared with 14.1 per cent in Finland and 13.8 per cent in France in the next two positions in the ranking and the minimum of 3.5 per cent in Malta. By 2020 Spain was less of an outlier with 20.4 per cent temporary employment compared to 15.3 per cent in Portugal, 14.9 per cent in the Netherlands and a minimum of 7.3 per cent in Austria (see Table A1.P).

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14 Several factors are cited by members of the network to explain the low rates of part-time work within the EU11 including the relatively low levels of pay, a reluctance among employers to engage part-time workers and the legacy effects of the extensive child care provisions established before 1990 which promoted full-time employment.
Although temporary work rose from 4.0 per cent to almost 8.0 per cent in the EU11 it did not reach the levels recorded within the EU16. Within the EU11 there are distinct patterns of development regarding temporary work in 2020. In Bulgaria, the Baltic States and Romania, for example, temporary work does not exceed 4 per cent of the employed labour force, whereas in Poland (14.7 per cent), Croatia (13.4 per cent) and Slovenia (9.5 per cent) the rates of temporary employment are comparable with the averages of the EU16. Poland, Croatia and Slovenia, however, are outliers within the EU11 as eight of the nine Member States with the lowest rates of temporary employment are EU11 Member States.\textsuperscript{15}

\textsuperscript{15}The eight EU11 Member States among the nine Member States with the lowest rates of temporary employment are Romania, Lithuania, Latvia, Estonia, Bulgaria, Hungary, Slovakia and Czechia. Malta is the only Member State from the EU16 included among these nine Member States.
Economic outcomes

The neoliberal pursuit of labour markets regulated to increase flexibility, including reductions in the coverage of trade unionism and collective bargaining, was directed towards improvements in economic performance (European Commission 2012; Minford 1990). This section examines three aspects of economic performance to assess the impact of neoliberal policies on unions: real wage and productivity development; wage share; and income inequality.

Within the EU three strands of development have facilitated the pursuit of neoliberal policies within Member States. First, the ‘negative integration’ (Scharpf 1996) that characterizes EU integration comprises deregulation and measures to guarantee the ‘four freedoms’ within Member States. In combination, these factors generated pressures for wage moderation as competition intensified between Member States (Keune 2008). Second, pressures for wage moderation were also generated by the terms of economic and monetary union (EMU). Before EMU economic imbalances and diverging developments in national competitiveness could be addressed by devaluing national currencies. Within EMU this is no longer possible with the consequence that ‘internal devaluation’ by way of wage moderation to reduce labour costs became a ‘functional substitute to currency devaluation’ (Armingeon and Baccaro 2012: 256). Similarly, the strict requirements within EMU regarding public expenditure and public debt exert pressures to limit public sector wage increases through limits on government expenditure (Müller and Schulten 2015; Streeck 2015). These pressures for wage moderation are amplified by the European Central Bank policy of assigning primacy to the maintenance of low inflation, which, as was demonstrated above, has contributed to persistently high rates of unemployment. A third factor associated with the neoliberal agenda and influential within the EU was the sovereign debt crisis that followed the banking crisis of 2008 (Flassbeck and Lapavitsas 2015). The sovereign debt crisis resulted in a series of short-term demands that exacerbated pressures for the developments mentioned above. The objective here is to present the aggregate effects of these policies on labour.

16 The four freedoms cover the movement of goods, persons, services and capital within the EU.
Real wage and productivity growth

The relationship between the growth of real wages and productivity growth is an indicator of labour’s capacity to ensure that workers receive a ‘fair’ share of the wealth they helped to generate. A higher rate of increase in productivity compared to that of real wages suggests that labour has a limited capacity to extract benefits from productivity growth. Raising the rate of productivity growth has also been a long-term objective of the neoliberal programme with labour market flexibility, reductions in the coverage of collective bargaining and unions, and bargaining decentralization among the policy means whereby such increases could be secured. Figure 1.7 charts the movements in real wages and productivity growth for the EU16 and EU11 since 2000.

Figure 1.7. Weighted average of annual change in real wages and labour productivity in EU Member States (%), 2000–2020

Until the sub-prime and financial crisis of 2008 movements in real wages lagged behind productivity growth in the EU16 but were broadly comparable. The rate of productivity growth dipped sharply in 2008–2009 as the impact of the crisis became apparent. After labour productivity recovered in 2010 real wages developed broadly in line with labour productivity until 2015 when productivity started to outpace real wage growth. This trend
continued until 2020 when productivity took another hit from the Covid pandemic. In policy terms the decoupling of real wage growth from productivity development was the result of neoliberal austerity measures implemented as a response to the crisis. They restricted the growth of real wages and, in some countries, cut real wages, particularly among public sector workers (Flassbeck and Lapavitsas 2015; Keune et al. 2020).

Within the EU11 for much of the period between 2000 and 2009 productivity growth outstripped the growth in real wages. As in the EU16 the rate of productivity growth dipped sharply after 2007 within the EU11 before rising after 2009. Unlike the EU16, however, real wage growth also dipped markedly during the sub-prime and financial crisis in the EU11. Productivity growth rose more steeply than real wages until about 2013 after which real wage growth accelerated more quickly than productivity growth. For much of the period after 2000 within the EU11 the rate of real wage growth thus was greater than productivity growth. This suggests that adjustments to the market economy after the transformation are benefitting the living standards of those in employment within the EU11 irrespective of the relatively low coverage of collective bargaining and low union density rates. This effect is likely to be accentuated by emigration.

Wage share

The decoupling of real wage increases from labour productivity growth is reflected in the long-term development of the wage share as a measure of the share of the national income accounted for by labour compensation in the form of wages, salaries and other benefits (OECD 2018). Figure 1.8 charts the wage share accruing to labour in the EU16 and EU11 between 2000 and 2020. The plot for the EU16 indicates a slight decrease between 2000 and 2007 reflecting that real wage development lagged behind the movements in labour productivity. The short-term rise in the plot immediately after 2007 is primarily due to the countercyclical nature of the wage share which means that it tends to fall when output increases and rise when output decreases. After this short-term recovery, however, the wage share resumed its decreasing tendency in the EU16 until the Covid pandemic. It thus appears that the economic and political pressures arising from neoliberal crisis management after the financial crisis of 2008, based on a combination of austerity policies and political interventions into national collective bargaining systems meant that workers did not benefit appropriately in the wealth they
created (Schulten and Müller 2015). Reference to Table A1.S shows that in Greece, Ireland, Portugal and Spain there were marked declines in the wage share, particularly after 2010, indicating that labour bore the brunt of the economic reforms demanded by the Troika.

**Figure 1.8.** Weighted average in wage share in EU Member States (%), 2000–2020

Table A1.S includes data from the 1960s and thus allows an assessment of the long-term impact of the neoliberal programme. With the single exception of Greece during the 1970s in every Member State within the EU16 for which data are available the average annual wage share for the 1970s and 1980s was greater than that for 2020. Furthermore, the extent of the decline between the 1960s and 2020 was marked in several countries: Ireland, –33.0 percentage points; Greece, –10.7 percentage points; Portugal, –10.7 percentage points; Finland, –13.0 percentage points; and Austria, –6.0 percentage points. The long-term effect of the neoliberal programme is thus the decline in the wage share accruing to labour within the EU16. The reasons for the long-term decline of the wage share and the corresponding shift in income distribution from labour to capital are manifold. They include the financialization of the economy (Grady and Simms 2019; Kollmeyer and Peters 2019), the
liberalization of capital markets (Stockhammer et al. 2018), the deregulation of labour markets (Deakin et al. 2014) and the decentralization of collective bargaining (Checci and García Peñalosa 2010). All these factors share one common characteristic: they have helped to shift the balance of power from labour to capital and thus decreased union bargaining power (Lübker and Schulten 2018).

Turning to the EU11 reveals a different pattern of development. The plot in Figure 1.8 shows that the wage share in the EU11 fell between 2000 and 2015 by about 7.0 percentage points before rising 4.0 percentage points to 2020. Labour was thus unable to retain its wage share for much of the period after 2000 and between 2000 and 2015 sustained marked losses compared with labour in the EU16. Table A1.5 shows that only in Croatia, Hungary, Poland and Romania the wage share accruing to labour was lower in 2020 compared to both the average for the 1990s and for the year 2000. The decline was particularly steep in Romania, 19.1 percentage points between 2000 and 2020, where the state eliminated industrial bargaining and union density plummeted. In Bulgaria, Czechia, Estonia, Latvia and Lithuania the wage share accruing to labour was higher in 2020 than the average for the 1990s and for the year 2000. EU membership, mediated by a range of institutional factors, has thus had a mixed effect on the wage share within Member States of the EU11 (Bohle and Greskovits 2012; European Commission 2018).

**Income inequality**

Figure 1.9 shows the development of inequality of disposable income in the EU16 and EU11 between 2000 and 2020 using the Gini coefficient.\(^\text{18}\) Two points are immediately apparent from the plots. First, inequality within the EU11 between 2005 and 2016 was greater than that within the EU16 but has fluctuated throughout. Second, in contrast there has been a steady rise in inequality within the EU16 since about 2002. Neoliberal policies are thus associated with rising inequality within the EU16. The extent of inequality within the EU is generating macroeconomic inefficiencies, as well as accelerating rates of poverty (Ostry et al. 2016; Piketty 2014).

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\(^{17}\) In Slovakia the wage share in 2020 was higher than that recorded for the 1990s but lower than that for 2000, whereas the reverse was the case for Slovenia.

\(^{18}\) The Gini coefficient takes a value between zero and one. The data are reported here as percentage points for ease of explanation.
As anticipated from Figure 1.9 the highest rates of inequality are found in the EU11 in Bulgaria, Estonia, Latvia, Lithuania and Romania, with Bulgaria at the peak of European inequality at 40.0 per cent in 2020 (Table A1.T). It is also noteworthy that the three Baltic States where neoliberal policies have been in the forefront since 1990 are included among the Member States with the highest rates of inequality. The Visegrad nations, Croatia and Slovenia have income inequality rates comparable with those of the EU16. Although unionization rates and the coverage of collective bargaining tended to decline in EU11 Member States following the financial crisis, there is no single pattern of either increasing or decreasing income inequality after 2008. The Member States that were subject to intervention from the Troika were all positioned towards the top of the ranking of inequality within the EU16.

The neoliberal assault on collective bargaining

Collective bargaining is central to an analysis of trade unions in the EU on two key counts. First, the pursuit of improved terms and conditions of employment for members, and employees more generally, by means of collective bargaining is a core union activity (Webb and Webb
Second in pursuit of flexibility within the labour market, advocates of the neoliberal agenda seek to reduce the influence or eliminate collective bargaining, thus removing the rigidities they view as arising from its presence. The tension between these two positions is examined in two stages, which assess the coverage of bargaining and the level of bargaining. The argument here is that huge disparities in the coverage of bargaining between the EU16 and EU11 effectively underpin a different set of objectives for unions within the two groups of Member States. Furthermore, the decentralized bargaining arrangements in the EU11 and the process of decentralization underway in several Member States within the EU16 create additional pressures on the articulation and coordination capacities of unions. A third stage examines the implications of these developments for unions.

The coverage of bargaining

Figure 1.10 shows movements in the weighted coverage of collective bargaining, defined as the number of employees whose terms and conditions of employment are set by collective bargaining expressed as a proportion of the labour force. The plot for the EU16 remains relatively constant between 2000 and about 2009. After 2009 there was a shallow decline in coverage until 2014, after which the decline was more marked. The activities of the Troika explain the decline in the coverage of collective bargaining after 2009. The coverage in Cyprus declined from 57.3 to 45.4 per cent between 2008 and 2012, for example, while in Greece and Ireland coverage fell from 83.1 to 21.9 per cent and from 40.5 to 32.5 per cent between 2008 and 2014. This ‘frontal assault’ on collective bargaining (Marginson 2015) resulted from the rigorous application of neoliberal economic priorities in these countries by the Troika. It is also noteworthy that collective bargaining coverage data tends to overstate the actual rate of coverage in countries where the Troika intervened. Contrary to the requirements of collective agreements, the terms and conditions of some employees were set by collective agreements that had not be updated for several years by employers concerned to reduce costs (Campos Lima 2019; Ioannou and Sonan 2019; Katsaroumpas and Koukiadaki 2019). Elsewhere coverage rates remained stable after 2000 in the EU16.
Two further points are apposite vis-à-vis coverage data in the EU16. First, with the exception of the countries mentioned above, the coverage of collective bargaining has remained relatively constant since 1960 (Table A1.H). As becomes apparent below, consistency in the coverage of collective bargaining masks significant changes in collective bargaining practices and the regulatory capacity of the institution. Second, there are significant differences within the EU16 in coverage rates, ranging from a constant 98.0 per cent in Austria in 2020 to around 50.0 per cent in Malta. Furthermore, the relative position in the rank order of Member States among the EU16 remained fairly constant after 1960. Austria, Belgium, Denmark and Sweden, for example, were towards the top of the ranking regarding the coverage of collective bargaining in 2000 and 2020, whereas Ireland, Luxembourg and Malta were towards the bottom of the ranking within the EU16 for both years. There is no Member State among the EU16 for which was recorded a marked move up the ranking between 2000 and 2020.

Compared to the plot for the EU16, the plot for the EU11 varies considerably between 2000 and 2018. The absence of consistency in the plot is indicative of the relative immaturity of collective bargaining systems in these Member States, the wide-ranging impact of changes in government,
During the period after 2000 until about 2005 the coverage of collective bargaining in the EU11 tended to converge with that of the EU16. Following the sub-prime and banking crisis of 2008 the coverage of collective bargaining in the EU11 declined, with particularly steep falls between 2008 and 2015 in Romania, from 100.0 to 22.6 per cent, in Slovenia, from 100.0 to 67.5 per cent, and in Slovakia from 40.0 to 24.0 per cent. The decline in the coverage of collective bargaining in Romania and Slovenia are particularly noteworthy because until 2008 coverage in these two countries was comparable with the highest coverage rates among the EU16. It is also apparent that collective bargaining coverage rates in the Baltic States, where neoliberal policies have been implemented to wide-ranging effect (Bohle and Greskovits 2012: 96–137; Kallaste and Woolfson 2013), failed to reach 35 per cent after 2008, and in Lithuania was at 12.5 per cent in 2020. By 2016 only in Slovenia among the EU11 did collective bargaining cover more than half of the labour force. In short, collective bargaining is absent for many workers in the EU11, which has marked implications for trade union objectives and activities.

**Level of bargaining**

Table 1.1 shows developments in the level of bargaining since 1960 for the EU16 and EU11. The data indicate the principal level or levels at which bargaining is conducted, not the only level. In the period until 1980 the principal level of collective bargaining was industry level or above for all EU16 countries except Cyprus and Luxembourg, where bargaining alternated between company and industry levels, and Malta, where company bargaining prevailed. The ‘golden age’ was thus associated with the establishment or maintenance of industry bargaining, which effectively took wages out of competition.

Table 1.1 illustrates that between 2000 and 2019 the level of bargaining has remained constant in fourteen of the EU16 countries. In ten countries industry bargaining remains dominant: in Cyprus and Luxembourg industry and company bargaining take place, while in Malta bargaining is principally conducted at local and company levels. In Belgium and Finland, two countries where the level of bargaining has varied since 2000, collective bargaining remains centralized but varies between industry and cross-industry levels. In contrast, in Greece and

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19 Missing data are also problematic for the EU11 plot, particularly in the period between 2006 and 2008.
Ireland, countries adversely affected by sovereign debt crises and subsequent intervention by the Troika, bargaining was decentralized, particularly after 2010.

Table 1.1. The principal level of bargaining since 1960

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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.

These data thus portray a relatively stable situation since 2000 within the EU16. More detailed analyses suggest that the extent of stability is exaggerated by these data. In particular, the favourability principle, whereby the standards set in higher level agreements cannot be overridden by the terms of lower level agreements, has been relaxed for an increasingly wide range of issues effectively ensuring that agreements concluded at lower levels set actual terms and conditions of employment (Müller et al. 2019: 632). In France, for example, where this pattern of development is pronounced, pressure is placed on unions to maintain links between the industry and company levels of agreement setting. This is increasingly difficult in smaller companies with a limited union presence (Vincent 2019).

In addition to relaxing the favourability principle, decentralization has been promoted by altering the terms of industry agreements to make them less demanding than agreements concluded at company level. In this regard a variety of mechanisms have been implemented including: agreements that set only minimum standards, leaving the detailed negotiation of terms and conditions to the company level; figureless agreements, which leave the determination of wages to the company level; corridor agreements that specify the minimum and maximum standards between which company agreements must be settled; derogation clauses to industrial agreements, which delegate the settlement of particular issues to the company level; opening or hardship clauses enabling company-level actors to conclude agreements that are inferior to the industry level standard; and opt-out clauses allowing companies to postpone or not apply certain terms of the industrial agreement (Ibsen and Keune 2018: 10; Müller et al. 2019: 632; Visser 2016). In each of these instances industrial agreements remain in place but are no longer the means whereby all terms and conditions are settled.

Reference to the EU11 data in Table 1.1 demonstrates that local or company bargaining has been dominant since 2000 in Estonia, Hungary, Latvia, Lithuania and Poland. In Bulgaria and Slovakia bargaining tends to vary between industry and company levels, with the latter becoming increasingly more influential (Bernaciak 2013; Kahancová 2013). The much-publicized initiatives supported by the European Commission and the International Labour Organisation (ILO) (Bernaciak 2015; Vaughan-Whitehead 2003) to establish industry level bargaining as the basic means to settle terms and conditions of employment have thus failed, ensuring a disparity of structure between the EU16 and the EU11. Only in Romania
and Slovenia were central and industry level bargaining arrangements established on a wide-ranging basis, hence the relatively high collective bargaining coverage rates in these countries noted in Table A1.H. The Romanian cross-industry bargaining arrangements were underpinned by legislation and were dismantled in 2011 by a centre-right government. Furthermore, measures were introduced that precluded the social partners from negotiating any further cross-industry agreements. These actions were taken without parliamentary debate (Trif 2013; Trif and Paolucci 2019) and resulted in a steep decline in coverage between 2010 and 2011. Among the EU11 it is thus only in Slovenia that relatively longstanding industrial bargaining arrangements have been sustained (Stanojevic and Poje 2019). In summary, in both Western Europe and CEE wages are now increasingly part of competition and unilaterally set by management.

The impact of changes in collective bargaining on trade unions

The diminution in the coverage of collective bargaining coupled to the decentralization within the EU16 and the failure to establish industry bargaining within the EU11 have profound implications for trade union organization and policy. The diminution in the coverage of collective bargaining in some Member States of the EU16 reduces the opportunities for unionists to set terms and conditions of employment, which, in turn, suggests a reduced likelihood of potential members joining, and existing members maintaining membership of, a union. Similarly, the failure to achieve high collective bargaining coverage rates in most EU11 Member States acts to reduce the attraction of union membership.

The relatively high, but declining, coverage of collective bargaining in some EU16 countries and the low coverage in most EU11 countries highlights the absence of uniformity in trade union positions. With exceptions, unions within the EU16 can reasonably claim to set terms and conditions for a substantial proportion of the labour force and use this position to promote membership. In contrast, the opportunities to use collective bargaining and the capacity of unions to negotiate terms and conditions of employment are more restricted in the EU11. This disparity also raises policy issues concerning union purpose. In broad terms, the central policy challenge for trade unions within the EU16 is retaining extant collective bargaining coverage and extending coverage to specific economic segments, primarily in private sector services, where collective bargaining has yet to be established or consolidated. The policy
challenge for unions in the EU11 is to establish collective bargaining arrangements throughout the economy, rather than extend coverage to specific segments.\textsuperscript{20}

The decentralization of bargaining is also problematic for union organization. Irrespective of the form taken by decentralization in the EU16, more issues are settled at company level and more agreements need to be agreed compared to ‘classic’ industrial bargaining. The coordination of collective agreements becomes more complex with decentralization, as trade unions attempt to maintain a degree of comparability across a range of company agreements, whereas beforehand the basis of comparability was written into the industrial agreement.\textsuperscript{21} Furthermore, decentralization increases the pressure on local union organization. Industrial level bargaining requires local union representatives to negotiate the terms of implementation of the industrial agreement at company level. If bargaining is decentralized it is the basic terms of the agreement that must be negotiated at company level. Assuming the presence of union representatives within the company, the negotiation of these basic terms may require additional skills and training for these representatives. In the absence of union representatives within the company the decentralization of bargaining may result in the deployment of full-time officers to conduct the bargaining, which raises the questions are there enough full-time officers and/or is the union in a position to employ additional full-time officers? Alternatively, employees may be mandated to act on behalf of the union and to conduct company-level bargaining. This option also raises questions concerning the availability of skills, training and resources, as well as issues concerned with the ratification by the workforce and the relevant unions of any agreement concluded. If trade union organization is weak or non-existent the prospect of terms and conditions unilaterally determined by management becomes more likely.

While decentralized bargaining is predominant throughout the EU11 the position of trade unions differs from that in the EU16. Three points are of particular salience in this regard. First, apart from relatively short periods in Romania and Slovenia, industry level bargaining has not been

\textsuperscript{20} Chapter 29 examines the issues associated with divergent collective bargaining arrangements and policy formulation at European level.

\textsuperscript{21} It is acknowledged that local bargaining may have led to supplements to industrial agreements with the consequence that terms and conditions may have varied among those covered by an industrial agreement.
present on a wide-ranging basis within the EU11. Trade unions thus are not having to adjust to decentralization but have to take decentralized bargaining as the point of departure. Second, many unions based in the EU11 have neither the resources nor accumulated skills to conduct company bargaining at all the sites where members are present. Third, given the low rates of unionization in most EU11 Member States (Vandaele 2019), it is apparent that unionists will not be present in many companies with the consequence that the likelihood of unilateral setting of terms and conditions by management is increased. In short, to broaden the coverage of collective bargaining in most EU11 Member States, unions are required to secure a presence on a company-by-company basis: a resource-intense approach that many trade unions are unable to implement.

Two further features linked to collective bargaining coverage and structure impinge on union activity in both the EU16 and EU11. First, the coordination of decentralized agreements may be complicated in dual systems by the presence of works councils, particularly if non-unionists populate the works councils. Furthermore, some works councils have the regulatory underpinning to enable them to conclude collective agreements independently of unions. Regulations enabling such arrangements were designed to restrict union engagement at company level in some countries (Borbély and Neumann 2019). Second, low collective bargaining coverage, decentralization or a combination of the two has resulted in increased support for legally regulated minimum or living wages among unionists (Schulten 2006; Schulten and Müller 2019; Sellers 2019). Even where industry agreements are in place, the difficulties of policing the terms of these agreements have led to support for the introduction of a legal minimum wage, particularly within unions based in private sector services, as they often organize a sparse membership employed at a huge number of small workplaces. The preference for a legal minimum wage or living wage compensates for the absence of unionists at many sites insofar as the responsibility for policing minimum wages systems is formally transferred to the state. The absence of sufficient inspectors, however, brings into question the realism of the assumption of the transfer of responsibility to the state.

**Unionization and mobilization**

Within the EU16 the shift from the ‘golden age’ to the neoliberal challenge represents a change of position for trade unions within Member
States. From involvement in national policy making and securing gains for members and organization within Western Europe, unions became ‘part of the problem’ for advocates of neoliberalism who viewed them as a source of rigidity within the labour market. Within CEE a different but similarly dramatic transformation took place, as unions moved away from a subservient position to the Communist Party within command economies to an independent position within market economies. Throughout the EU these wide-ranging shifts were concurrent with the marked changes to labour markets, the diminution of the wage share accruing to labour, rising inequality and decentralized bargaining documented above. This section charts shifts in the pattern of unionization and industrial conflict: that is the effects of the changes mentioned above on trade union mobilization.22

Unionization

Figure 1.11 charts the weighted average of union density since 2000 for the EU16 and EU11. There is a downward trend apparent in both plots with that for the EU16 showing a relatively consistent decline, while that for the EU11 exhibits more variation. Throughout, density for the EU11 is lower than that among the EU16. In combination, the weighted average density level of almost 23.0 per cent in the EU16 and 14.5 per cent in the EU11 in 2018 constitute the lowest levels of union density recorded since 1945 and have led some to suggest that unions are no longer representative of working men and women (Meardi et al. 2021; Minford 1990).

22 Of course, these measures are only partial indicators of union mobilization. A range of alternative measures could also be used. At this juncture, the point is to emphasize the challenges faced by trade unionists in the current economic and political climate. These measures facilitate the identification of these challenges and their scale.
Reference to Table A1.D puts these plots into a longer-term context. The decline in density recorded in Figure 1.11 is clearly a continuation of a long-term trend of decline that commenced in most EU16 countries for which data are available during the 1980s. Only in Belgium and Denmark is the level of union density during the 2010s comparable with that of the 1970s. The Ghent system enabled trade unions in Belgium and in Denmark (Shin and Böckerman 2019; Vandaele 2006; Van Rie et al. 2011) to maintain density levels. In Finland the relatively late introduction of a Ghent system during the late-1960s effectively promoted the unionization rate, which peaked during the mid-1990s. A similar Ghent-style system in Sweden has not prevented a decline of more than 10 percentage points from the peak, in no small part because governments have introduced measures that have weakened these systems (Høgedahl and Kongsjø 2017). The transition to democracy during the 1970s explains the Portuguese and Spanish cases (Bermeo 1986; Fishman 1990). Density levels in these countries peaked during the late-1970s following the transition to democracy and thereafter tended to decline.

Declines in union density among the EU11 have been steeper than those recorded in the EU16 (Vandaele 2019), suggesting that trade unions, which were an integral institution of the pre-1990 command economies, have been hard-hit by the transition to market economies and have yet to adapt to changed circumstances. Where data are available,
for example, for the period immediately before or immediately after the transformation, density levels in excess of 80 per cent were commonplace: Estonia, 1992, 93.9 per cent; and Hungary, 1990, 88.6 per cent (Appendix A1.D). It is also noteworthy that steep falls in union density were recorded in Poland before 1990. Throughout the EU11 during the period immediately after 1990 many workers viewed trade unions as a part of the pre-1990 system that had been rejected (Bernaciak and Kahancová 2017; Crowley and Ost 2001). In consequence, workers left unions in large numbers. As the country chapters illustrate, it remains problematic for some unions to rid themselves of the association with the command economies and recruit, particularly young, workers employed in the new market economies of the EU11.

It is also apparent from Tables A1.D and A1.H that national differences between union density and the coverage of collective bargaining are marked, which illustrates variations in the extent of ‘free riding’. France is an extreme case in this instance with 8.0 per cent union density and 98.5 per cent coverage in collective bargaining in 2014, resulting in a free rider rate of 90.5 per cent (for details, see Sullivan 2009). At the other extreme is Cyprus where union density and the coverage of collective bargaining are almost identical, resulting in a free rider rate of zero. Higher free rider rates tend to occur where industrial bargaining remains in place, often coupled to the frequent use of extension mechanisms or functional equivalents, and unions have failed to recruit workers whose terms and conditions of employment they set. Some of the country chapters demonstrate that this group of workers are now being targeted in recruitment and organizing campaigns (Ibsen and Tapia 2017).

Figure 1.3 and Table A1.L demonstrate the rising employment rates among women throughout the period since 1960. Women have tended to form a larger proportion of trade union membership in the EU11 than in the EU16 due to the concentration of membership in the EU11 Member States within the public sector where large numbers of women are employed (Bernaciak and Kahancová 2017). In contrast, membership in the EU16 is relatively more evenly distributed across the three sectors and is thus also present in segments of the economy where men constitute the majority of employees and unionists.

**Industrial conflict**

Figure 1.12 plots the weighted average of strike volume between 2000 and 2020 for the EU16 and EU11. Strike volume is defined as the
number of days not worked due to industrial action per 1,000 employees. Both the EU16 and EU11 plots fluctuate markedly, indicating the effects of specific and large-scale strikes. Strike volume in the EU16 tends to decline after 2000, albeit irregularly, while that for the EU11 remains low throughout and by 2017 strikes were relatively rare events, although a peak in strike activity was recorded thereafter. Three factors have been cited to explain these trends: the structural changes in the composition of the labour force detailed earlier in this chapter; a downsizing of the remaining direct workforce in manufacturing 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). These factors are closely connected to globalization and the neoliberal policy agenda. In terms of the argument developed in this publication, the diminished extent to which trade unions are able to mobilize strike action suggests a period of ‘labour quiescence’ (Shalev 1992) in which the defence of trade union interests must incorporate means additional to strike activity. Some argue that integral to these additional means is a shift from a labour repertoire to one based on citizens’ rights (Gentile and Tarrow 2009; Vandaele 2016).

**Figure 1.12.** Weighted average in days not worked due to industrial action in EU Member States, 2000–2020
Reference to Table A1.I illustrates the effects of specific national bargaining rounds on strike volume. In Sweden in 2003 and Denmark in 2013, for example, public sector settlements to industrial agreements were achieved only after large-scale industrial action, hence the sharp increases in strike volume for these years (Hamark 2021). Annual peaks in strike volume for some countries are also indicative 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 EU16, for example, consistently have relatively low annual strike volumes compared with France and Finland.

The structure of the publication

At the core of this publication are twenty-seven country chapters, which map and explain developments in trade unionism in each Member State of the EU since the year 2000. Each of these chapters has been written by national experts and peer reviewed by both the editors and the authors of other country chapters. In practice, each country chapter places the developments introduced in this chapter into a national context and explains specific national peculiarities by reference to economic, social and political developments. Each country chapter and the concluding chapter emphasize the range of responses implemented by trade unionists to the challenges outlines in this chapter.

In order to ensure a degree of consistency between chapters each country chapter comprises nine sections presented in an order of the author’s choosing. Each of these sections arises from points raised in this chapter. The sections cover:

- the historical background and principal features of the system of industrial relations,
- the structure of trade unions and union democracy,
- unionization,
- union resources and expenditure,
- collective bargaining and trade unions at the workplace,
- industrial conflict,
- political relations,
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- societal power, and
- trade union policies towards the EU.

In addition, the authors of the country chapters were asked to categorize each country by reference to Visser’s (2019b) four categories on the future of European trade unionism: marginalization, dualization, substitution and revitalization. It is acknowledged that there are difficulties with these categories, as more than one may be present concurrently within a Member State. Analysis of the responses comprises the final section of a concluding chapter to the entire publication, which presents an overview of the state of unions in the EU in 2022, reviews the impact of the responses to the neoliberal challenge implemented by trade unionists and speculates on future developments.

The argument present in every chapter is that these are difficult times for unions in Europe. The neoliberal project has weakened and is continuing to weaken fundamental features of the national variants of the European social model within the EU16 and has prevented the establishment of elements of the European social model within the EU11. A range of quantitative measures indicate the extent of the challenge faced by unionists in terms of declining unionization; a restricted capacity to mobilize industrial action; a declining wage share for labour, particularly in the EU11; and a decline in the coverage of collective bargaining coupled to its decentralization. The increasing ‘distance’ between unions and Social Democratic and Labour Parties exacerbates the difficulties of union renewal, as legislative support is not readily forthcoming. Concurrently, climate change is a challenge that particularly affects industries where unions are still relatively strong, while the shift towards a low-carbon society promotes industries that are currently sparsely unionized. Similarly, digitalization poses challenges for unions on a wide front, but particularly concerning the protection of employment rates and the quality of work (Degryse 2016; Drahokoupil and Vandaele 2021; Jepsen and Drahokoupil 2017; Vandaele 2018).

This bleak situation, however, is mitigated. The banking crisis of 2008, for example, demonstrated the failure of the unregulated markets favoured by the neoliberals (Gamble 2014; Piketty 2014). Similarly, the increases in rates of productivity growth anticipated by the neoliberals to result from labour market flexibility have failed to materialize. In short, the internal contradictions of the neoliberal project are becoming increasing evident (Pedersini 2019), although the political elites in several Member...
States and at European level remain wedded to the basic assumptions of the project (Crouch 2011; Lehndorff 2015). More recently, the Covid-19 crisis has prompted a wide range of responses many of which have involved unions in national decision-making.

Within this context it is apparent that unionists are searching for new approaches to adjust to changed circumstances. Internally, a wide range of recruitment and organizing campaigns are underway directed towards bringing workers often outside of unions in the past into membership, horizontal forms of union democracy have been introduced to supplement traditional vertical forms, and mergers have consolidated and sometimes transformed union structure. Externally, political alliances have been sought beyond social democratic and labour parties, particularly with organizations campaigning on environmental, sustainability and equality issues. As becomes apparent from the country chapters these initiatives take a wide range of forms and have generated mixed results as the country chapters illustrate.

References


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**Abbreviations**

**CEE** Central and Eastern Europe

**EMU** Economic and Monetary Union
EPP European Peoples Party
ETUC European Trade Union Confederation
ETUF European Trade Union Federation
ETUI European Trade Union Institute
EU European Union
HRM Human Resource Management
MNC Multinational Company
S&D Alliance of Socialists and Democrats
UK United Kingdom
US United States