

OVERVIEW OF THE SOCIAL DIALOGUE IN EUROPE

Comparative analysis in 6 countries: Germany, France, Greece, Italy, Poland, Sweden

Summary report of the seminar held on 14 January 2015



THE ISSUES

Given their experience of the economy and the labour market, social and economic actors are, in theory, in the best position to find the most appropriate and evenly balanced solutions to the complex social and economic challenges we are facing today. However, while **social dialogue** initially **played a key role in managing the crisis** (from 2008 to 2010), **it was subsequently also undermined**, especially in the final two years from 2012 to 2014, as explained in the reports published by the European Commission on the state of industrial relations in Europe.

Two groups of countries stand out:

- Those where social dialogue was the most structured (for example Sweden and Germany) having already engaged in reforms before the crisis and which were able to maintain a dialogue, thus ensuring continued competitiveness and resilience to the fast-paced changes required of modern economies.
- Those where social dialogue was not widely established (Poland especially, Greece, etc.) and which saw it break down even further as a result of the crisis. As it happens, it was these countries (including Italy) that engaged in impromptu reforms during the crisis.

In addition, **the convergence of social dialogue – which had been taking place across the Member States since 2004 – has been undermined and there is a growing divergence between old and new Member States.** Nevertheless, in the Visegrad countries (which include Poland), there is still a well-structured, three-party social dialogue (between employers, workers and the government).

Failing an agreement on the best policy mix and on the structural reforms needed, some Member States have not hesitated to adopt unilateral decisions in response to social, economic and financial emergencies. In countries receiving financial aid (such as Greece), some of these decisions were influenced by the Troika (European Commission, EIB, IMF).

Industrial relations systems have been changing faster and more frequently than they did before the economic crisis, due to the fast-changing social and economic environment. However, the diversity between national systems is still strong. In most cases, the changes began before the crisis but have picked up speed since.

The decline in average union density, which began in the 1980s, has slowed in Europe; it now stands at around 1/4 (23% in 2013 and 26% in 2000).

- Before the crisis, the drop in union density (number of trade union members/number of jobs) was more marked because employment was on the rise. Since the crisis, the decline has slowed because employment has stagnated, but the number of trade union members is falling faster.
- Union density figures and trends vary depending on the country and the sector: they are very low in Poland and especially in France (around 10%), and a little higher in Germany and Greece (20%); in Italy, one in three workers belong to a trade union while, in Sweden, two in three workers are unionised (which can be explained by the Ghent system, whereby unemployment benefits are paid through trade unions). Compared with the early 2000s, union density was already falling in Germany, Sweden and Greece before the crisis struck. Since the crisis, it has started to fall again in Poland but is stable in France and is rising slightly in Italy.
- **Youth unemployment has risen sharply** and it is feared that, when the employment prospects for young people improve, **union density among young workers will be very low.**
- In the public sector, union membership is no longer automatic.
- **Membership of employers' associations has remained stable**, with significant differences between countries: 20% in Poland, around 50% in Germany and Italy, and over 75% in France and Sweden.

The collective bargaining coverage rate in Europe (60%) is still falling (66% in 2007). It depends

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notably on the collective agreement extension mechanisms used in many countries (particularly France) and on the density of employers' associations. Again, the situation differs from country to country: coverage is high in France, Italy and Sweden (80 to 100%), average in Germany and Greece (40 to 60%) and low in Poland (15%). The decline has picked up speed in Greece, where the extension of collective agreements was even suspended from 2011 to 2015.

The decentralisation of collective bargaining from the national or sectoral (multi-employer) level towards individual companies is an ongoing trend, which has become more pronounced since the crisis. This raises the question of how to reconcile decentralisation with solidarity, and of the potential benefits in relation the higher level. **The goal is to invent new industrial relations systems (taking existing systems into account), more compatible with an economic environment that has changed profoundly and will continue to change going forward.**

It is increasingly important to strengthen **coordination between different levels (companies, sectors, cross-industry, national, European)** and between companies on the same level, since multi-level bargaining structures are becoming more and more widespread. There is no long-term trend in coordination applicable to all Member States.

- In **France**, social dialogue still takes place at three levels: cross-industry, sectoral and company. It is characterised by the **poorly coordinated decentralisation** of collective bargaining and the involvement of trade union federations in top-level policy implementation.
- In **Germany**, the **coordination between centralised bargaining, industrial agreements and public policy allows for the effective use of short-time working schemes**. The labour negotiations model is stronger but many **companies are not covered by collective agreements**. A lot of jobs have been saved but "mini-jobs" are on the rise.
- In **Italy**, despite the government's efforts to promote greater **decentralisation**, relatively few derogation agreements have actually been enforced. There are **still four levels of negotiation: cross-industry, sectoral, regional, company**. The deal made by Fiat is a typical example of a regional deal.

- **Greece** has a highly specific system characterised by the radical breakdown of bargaining structures. Even the procedures themselves have been affected. The collective bargaining principle has been revoked.
- In **Sweden**, the system remains **highly coordinated** (a specific agreement is used as a reference for subsequent agreements), reflecting the high union density and collective bargaining coverage rate.
- In **Poland**, the majority of collective bargaining takes place at company level and is still very uncoordinated.

AVENUES OF DISCUSSION

- **The industrial relations systems in force today are facing profound changes in the economic system** (global competition, demography, energy, digital); all jobs and businesses are affected. For example, the energy transition is creating new jobs, killing off existing jobs and deeply changing all others, which means that strong dialogue is needed. However, in new sectors (all sectors have changed significantly), new Member States and new forms of employment, where the stakeholders are largely disorganised, there is very little dialogue.
- The beginnings of a dialogue are taking shape, but the main focus is on training and occupational health policy rather than global strategies.
- Three things are clear: expectations regarding the creation of new "green jobs" are considerably lower; the "greening of jobs" has slowed down as a result of the crisis; and social partners are especially weak in new sectors (the "green economy"), small companies and the self-employment sector.
- Measuring the impact of social dialogue on the management of energy transitions and digital development is a challenge that must be addressed to aid the recovery of a constructive social dialogue.