

**Negotiating the crisis? Collective bargaining  
in Europe during the economic downturn**

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and  
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## Preface

The global economic crisis that unfolded in 2008 has had a dramatic effect on employment and incomes across Europe. In June 2009, the International Labour Conference, attended by tripartite delegates from Government, employers' and workers' organizations from ILO member States, unanimously adopted a Global Jobs Pact. This global policy guidance addresses the social and employment impact of the international financial and economic crisis and highlights the role that social dialogue and collective bargaining can play in mitigating the effects of the crisis in the labour market.

This working paper examines the role that collective bargaining has played in Europe during the economic downturn in protecting workers and facilitating enterprise adaptability. The paper was presented to the High-level Tripartite Meeting on Collective Bargaining that took place in November 2009 in Geneva, as well as the ITC-ILO/EU Forum on Social Dialogue and Industrial Relations in the midst of Economic Crisis in Europe that took place also in November 2009 in Turin, Italy.<sup>1</sup>

As the paper argues, the response to the crisis has been shaped by a number of factors, most notably the nature of the industrial relations system, government support programmes, the particular economic situation of a country, sector or company, and the strategies adopted by employers and trade unions. The involvement of the social partners in economic and social policy has been a feature of the 'European Social Model' and made it possible for a number of countries to agree on a package of labour market crisis measures in a tripartite setting which often included increased support for short-time working arrangements. The authors then examine the main provisions in collective bargaining agreements at the national (intersectoral), sectoral and enterprise levels. These typically included measures to introduce more flexibility in pay, work organization and working time in order to save jobs, temporary or partial unemployment, often in combination with training, and measures to increase internal mobility. Where jobs could not be saved, workers and employers negotiated a social plan.

The authors point out that collective bargaining systems in Europe have provided the flexibility needed to respond to the crisis and note an increase in negotiation activity at the enterprise level often within a sectoral or intersectoral framework, accelerating the process of 'organized decentralization' of collective bargaining. Finally, they emphasize the critical role that governments played in expanding the options that are available to the parties and thus the types of agreements that can be made.

I am grateful to Vera Glassner and Marten Keune for undertaking this study and recommend the report to all.

March 2010

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<sup>1</sup> See <http://www.ilo.org/public/english/dialogue/ifpdial/events/tripartitemeeting.htm> and <http://forum2009.itcilo.org/en/home> for details of these meetings.



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## 1. Introduction<sup>2</sup>

As elsewhere in the world, the current crisis is having a strong impact on the economy, the labour market and the incomes of workers and their families in Europe. The economy has been shrinking and is characterized by a high level of uncertainty while the banking sector is in a profound crisis. Also, the rate of bankruptcies has been increasing rapidly and many companies are forced into processes of restructuring, particularly in the manufacturing sector. This also has strongly negative labour market effects. In the European Union the unemployment rate increased from seven per cent in August 2008 to 9.1 per cent in August 2009, i.e. by more than 2 percentage points in just one year. What is more, predictions for 2010 indicate a further increase in unemployment, especially when temporary support measures run out.

One of the remarkable features of the crisis is the changing role of actors. This concerns first and foremost the state. Whereas the dominant ideology of the past 25 years argued that the state should increasingly withdraw from the economy and that economic prosperity could best be achieved via market and private initiatives, today the state is back as a key economic actor. States have been buying up banks and companies in crisis, developing massive labour market programmes to keep workers in employment, etc.

In this paper we will highlight the role of other key actors in the labour market, i.e. trade unions and employers and their organizations. We want to know what the effect of the crisis has been on the role of workers, employers and their representatives. In particular, we consider to what extent workers and employers have developed negotiated responses to the crisis and what the character of such responses is. To this effect, we will first consider to what extent the crisis has been a stimulus for the participation of unions and employers' organizations in public policy-making through tripartite deliberations. The core of the paper however concerns the effects of the crisis on collective bargaining, one of the key and unique competences of unions and employers, as well as the way unions and employers use collective bargaining to deal with the crisis.

The paper will not deal with responses not based on collective bargaining. Still, it has to be emphasized that such non-negotiated responses have been widespread throughout Europe, in particular in countries with low coverage rates of collective agreements, and that they are less likely to achieve a balance between employers' and workers' interests, often to the detriment of the latter.

The structure of the paper is as follows. Section 2 will present some of the labour market and collective bargaining-related features of the crisis and set out the issues to be discussed in the paper. Section 3 deals with the role of the institutional context for bargaining under crisis conditions and what role unions and employers have been playing in the making of public policy. Section 4 discusses actual developments in collective bargaining during the crisis period; section 5 presents conclusions.

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<sup>2</sup> Vera Glassner is a researcher at the European Trade Union Institute in Brussels; Maarten Keune is a professor at the University of Amsterdam.

## 2. The crisis: Increasing uncertainty, changing economic context and expectations for collective bargaining

The current economic and financial crisis has profoundly shocked the economy and the labour market in Europe. Economic growth declined rapidly with the emergence of the crisis in 2008 to 0.8 per cent for the EU as a whole, compared to 2.9 per cent for 2007 (Table 1). Also, all individual countries experienced an important slowdown in economic growth in 2008 as compared to 2007, with some of them already seeing negative growth. For 2009, the Eurostat forecast is negative economic growth of minus four per cent, a development unheard of in recent decades and indicating the depth of the crisis. Again, all European countries are experiencing a decline of their economies (with the sole exception of Cyprus), with some of them experiencing negative growth of over 10 per cent.

**Table 1.**  
**GDP growth in Europe, 2007-2009 (%)**

	2007	2008	2009		2007	2008	2009*
EU 27	2.9	0.8	-4.0 <sup>(f)</sup>	Malta	3.7	2.1	-0.9 <sup>(f)</sup>
Belgium	2.9	1.0	-3.5 <sup>(f)</sup>	Netherlands	3.6	2.0	-3.5 <sup>(f)</sup>
Bulgaria	6.2	6.0	-1.6 <sup>(f)</sup>	Austria	3.5	2.0	-4.0 <sup>(f)</sup>
Czech Republic	6.1	2.5	-2.7 <sup>(f)</sup>	Poland	6.8	5.0	-1.4 <sup>(f)</sup>
Denmark	1.6	-1.2	-3.3 <sup>(f)</sup>	Portugal	1.9	-0.0	-3.7 <sup>(f)</sup>
Germany	2.5	1.3	-5.4 <sup>(f)</sup>	Romania	6.3	6.2	-4.0 <sup>(f)</sup>
Estonia	7.2	-3.6	-10.3 <sup>(f)</sup>	Slovenia	6.8	3.5	-3.4 <sup>(f)</sup>
Ireland	6.0	-3.0	-9.0 <sup>(f)</sup>	Slovakia	10.4	6.4 <sup>(e)</sup>	-2.6 <sup>(f)</sup>
Greece	4.5 <sup>(p)</sup>	2.0 <sup>(p)</sup>	-0.9 <sup>(f)</sup>	Finland	4.2	1.0	-4.7 <sup>(f)</sup>
Spain	3.6	0.9	-3.2 <sup>(f)</sup>	Sweden	2.6	-0.2	-4.0 <sup>(f)</sup>
France	2.3	0.4	-3.0 <sup>(f)</sup>	UK	2.6	0.6	-3.8 <sup>(f)</sup>
Italy	1.6	-1.0	-4.4 <sup>(f)</sup>	Croatia	5.5	2.4	-3.0 <sup>(f)</sup>
Cyprus	4.4	3.7	0.3 <sup>(f)</sup>	FYR Macedonia	5.9 <sup>(f)</sup>	5.0 <sup>(f)</sup>	-0.3 <sup>(f)</sup>
Latvia	10.0	-4.6	-13.1 <sup>(f)</sup>	Turkey	4.5	1.1 <sup>(f)</sup>	-3.7 <sup>(f)</sup>
Lithuania	9.8	2.8	-11.0 <sup>(f)</sup>	Iceland	5.6	1.3	-11.6 <sup>(f)</sup>
Luxembourg	6.5	0.0	-3.0 <sup>(f)</sup>	Norway	3.1	2.1	-3.4 <sup>(f)</sup>
Hungary	1.0	0.6	-6.3 <sup>(f)</sup>	Switzerland	3.6	1.8	-3.2 <sup>(f)</sup>

f = Forecast p = Provisional value e = Estimated value

Source: Eurostat (late 2009)

Following a drop in demand and difficulties in accessing bank loans, many companies have been reducing their activities, have been restructuring and downsizing, and investment has plummeted: Eurostat data show that in the last quarter of 2008 and the

first two quarters of 2009, quarter on quarter investment fell by 3.3 per cent, 6.0 per cent and 2.3 per cent respectively. Also, the number of bankruptcies has skyrocketed in most European countries. For example, according to data of the Dutch Central Bureau for Statistics, in the Netherlands the monthly number of bankruptcies doubled between mid-2008 and mid-2009. Similar developments can be observed around Europe as most countries experience bankruptcy rates far above the average for recent years.

As a result of economic decline, many jobs have disappeared and unemployment has rapidly increased. Whereas in August 2008 the unemployment rate for the EU 27 was seven per cent, one year later it had grown to 9.1 per cent and forecasts are that unemployment will increase further in the coming year or so – this on the one hand because the employment effects of economic ups and downs often materialize with substantial delay. Also, although in recent months there are signs that the crisis may have touched bottom, with especially industrial production increasing slightly (Eurostat 2009c), it remains unclear if it is indeed coming to its end. Another reason is that at the moment high numbers of workers are subject to special crisis support measures financed by national governments (see section 3); for example in Germany, these support measures temporarily prevent more than a million workers from becoming unemployed. Once these measures expire, unemployment will rise rapidly if the crisis persists. But already rising unemployment is affecting many workers and their families, leading to reduced incomes and a general feeling of insecurity.

**Table 2.**  
**Unemployment rates**  
**Aug. 2008-2009 (%)**

	Aug. 2008	Aug. 2009		Aug. 2008	Aug. 2009
EU 27	7.0	9.1	Luxembourg	5.1	6.6
Belgium	7.5	7.9	Hungary	7.8	9.6
Bulgaria	5.3	7.1	Malta	6.0	7.2
Czech Republic	4.3	6.9	Netherlands	2.7	3.5
Denmark	3.3	5.9	Austria	3.8	4.7
Germany	7.2	7.7	Poland	6.9	8.0
Estonia	6.5	13.3*	Portugal	7.9	9.1
Ireland	6.3	12.5	Romania	5.8	6.4*
Greece	7.5	9.2*	Slovenia	4.3	5.9
Spain	11.8	18.9	Slovakia	9.0	11.6
France	7.8	9.9	Finland	6.4	8.5
Italy	6.8	7.4*	Sweden	6.0	9.4
Cyprus	3.5	5.6	UK	5.8	7.8**
Latvia	7.4	18.3	Norway	2.4	3.0**
Lithuania	6.3	13.7*			

\*June 2009; \*\*July 2009

Source: Eurostat 2009a, Eurostat 2009b

Clearly, the crisis has profoundly affected the position of both employers and workers. Both suffer from declining demand and increased uncertainty where the future is concerned. It also affects the interaction between the two: the crisis has rapidly changed the economic and social context in which workers and employers cooperate, bargain and

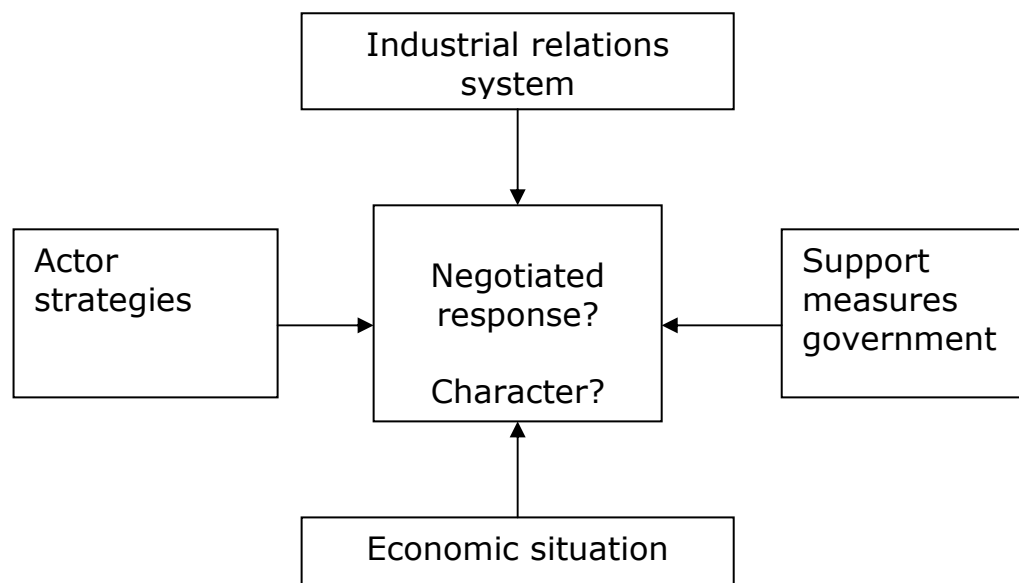
have conflicts. The main questions we consider in the present paper are (i) to what extent workers and employers manage to arrive at negotiated responses to deal with the consequences of crisis; and (ii) what the content and orientation of these responses is. Negotiated responses contrast with unilateral responses or straightforward disagreement and conflict, and include first of all collective agreements, which can be concluded at the company level, the sectoral level and the inter-sectoral level. They also include the participation of workers' and employers' organizations, together with the government, in public policy-making through tripartite deliberations and agreements.

In the coming sections we will consider the role of such negotiated responses in dealing with the crisis by looking at examples of collective and other agreements made in the past year or so at the various levels distinguished above. This paper clearly focuses on solution-orientated responses by social partners that represent cases of better practice. However, 'negotiated responses' are far from being self-evident in the event of the economic crisis. Rather, in large sections of the economy no such responses have emerged, in particular in a large part of the services sectors and the public sector. Furthermore, our assessment is necessarily a preliminary one: it is as yet impossible to provide a comprehensive overview of the effects of the crisis and all agreements made in response. Also, where collective agreements are concerned, a large number of running collective agreements were concluded before the crisis hit in full and will only fully include the crisis response when the agreements are renegotiated. At the same time, examples of negotiated responses abound and we will present a sample of these that will give an initial assessment of the situation in Europe.

Also, we want to touch upon the major elements that determine if negotiated responses emerge and if so, what kind of responses they are: How is the balance between measures aiming primarily at 'simple' cost reduction through dismissals, flexibilization and wage cuts on the one hand, and measures that maintain employment, avoid losses of human capital and assist redundant workers in preparing for and finding new jobs?

We start from the assumption that responses to the crisis are shaped by a number of factors, most importantly the make-up of national industrial relations systems, government support programmes, the economic situation of particular countries, sectors or companies, and the strategies of and interaction between unions and employers (Figure 1).

**Figure 1.**  
**Actors influencing responses to the crisis**



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National industrial relations systems have their roots in the history of nation states, are relatively stable in their configurations (with the exception of the radical changes in the countries of Central and Eastern Europe since 1989) and vary strongly between (groups of) countries (Crouch 1993; Traxler et al. 2001; Ferner and Hyman 1998). Major differences concern the levels of trade union membership, the percentage of employees covered by collective agreements, the levels at which collective bargaining takes place, the role of the state and of labour legislation, etc. (see annex A for some of the major elements of these systems). These systems present the institutional context in which industrial relations actors act, give direction to their actions and to an important extent determine the opportunities and limits they face. Particularly important for the present paper is the coverage of collective agreements, which varies from over 90 per cent of employees in countries like Belgium, Slovenia or France, to below 20 per cent in Poland, Latvia or Lithuania. Obviously, expectations concerning the incidence of negotiated responses and their content are more limited for the latter cases.

Secondly, as we will show in section 3, a series of crisis measures have been taken by governments, often in deliberation with unions and employers' organizations, with a view to supporting companies and workers in maintaining employment, facilitating transitions to new employment, offering training, etc. These support measures also influence the response of labour market actors to the crisis in the countries where they are available as they expand the scope for solutions and agreements.

Thirdly, the economic situation of countries, sectors or companies plays a key role. Obviously the range of possible responses is different for companies facing bankruptcy than for companies facing a minor and temporary fall in demand. Similarly, the response of a country like Latvia that faces a decline in GDP of 13 per cent in 2009 will differ from that of Malta, which faces a decline of less than one per cent.

Finally, within their institutional and economic contexts, actors define their strategies based on their interests and ideas, and also reshape the institutions they are confronted with. Hence, their responses to the crisis are not predetermined but involve an important element of strategy and choice as well as conflict.

We will not elaborate further on differences in industrial relations systems in Europe since these are amply discussed in the literature. Less well known are the extent to which social partners have been involved in shaping responses to the crisis and the types of labour market crisis measures that have been taken through public policy. These issues will be discussed in the next section.

### **3. Public policy responses and the involvement of unions and employers**

The crisis has led to wide-ranging public policy responses, including the acquisition of banks by national governments, support to specific sectors and companies, fiscal stimulus packages, attempts at the European coordination of national responses, etc. These have all been of great relevance in shaping the environment for collective bargaining, but presenting them in detail is beyond the purpose of this paper.<sup>3</sup> We do want to briefly discuss two, often interrelated, aspects of public policy responses. First, we will discuss to what extent unions and employers have been involved in public policy responses through tripartite discussions and agreements. Second, we want to present a number of examples of public crisis responses that specifically aim at temporarily maintaining employment and often include direct links with collective bargaining.

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<sup>3</sup> For an overview see European Communities (2009).

### 3.1 Tripartite negotiations and agreements

Social partnership and the involvement of trade unions and employers' organizations in the making of economic and social policy through tripartite consensus building and decision-making has often been presented as a key feature of European societies and of the so-called 'European Social Model'. It is often seen as a mechanism that contributes to achieving a balance between economic and social development. At the same time, although tripartite bodies in which organized interests of industry and labour are represented are indeed widespread throughout Europe, the de facto influence of unions and employers' associations on the decision-making process varies substantially across countries and has been put to question in a number of them.<sup>4</sup> This raises the question of to what extent there have been tripartite negotiations on crisis responses, in particular where labour market related measures are concerned.

Table 3 provides an overview of labour market measures agreed upon or at least discussed in tripartite settings in European countries.<sup>5</sup> From this overview we can draw a number of conclusions. One is that indeed in many European countries, tripartite processes have been playing a role in the making of public policy on short-time working schemes, active labour market policies, labour legislation, unemployment benefits, enterprise financing, etc. Examples from 14 countries are included in the table and more can possibly be found. Also, for example, for Italy it is worth mentioning that there are also local and regional crisis pacts that involve unions and employers. Hence, it seems reasonable to argue that the crisis indeed spurred tripartite debates across Europe.

**Table 3.**  
**Examples of labour market crisis measures agreed to**  
**or discussed in national tripartite settings**

Country	Policy measures
Austria	Labour market policy package, including extension of short-time working benefits, active labour market policies, amendment of rules for part-time working of older employees, extension of training allowance for employees and extension of unemployment support allowance.
Belgium	Agreement on crisis measures including temporary collective reduction of working time, temporary individual reduction of working time and temporary or economic unemployment, with implementation through company or sectoral collective agreements and co-financed by unemployment funds.
Netherlands	Crisis package including accords on wage moderation, the facilitation of part-time unemployment and intensified training of unemployed people.
Italy	<ul style="list-style-type: none"><li>- Tripartite agreement on income and training support measures for temporary agency workers.</li><li>- Several regional pacts including local governments, unions and employers.</li><li>- Easing access to the public 'extraordinary wages guarantee funds' (CIGS – 'Cassa integrazione straordinaria') to support payment of wages and social contributions</li></ul>
Slovenia	Law on Partial Refund of Pay Compensation (LPRPC) after consultation with the Economic and Social council aiming to protect workplaces and avoid redundancies; and promoting short time work linked to compulsory training.
Slovakia	Establishment of the Economic Crisis Council, including the government, the National Bank, trade unions, employer organizations, self-government bodies and commercial banks. Measures adopted include support to small and medium-sized enterprises, the creation of new jobs, and support to employment through training and counseling.
Poland	No agreement on existing anti crisis package among the members of the Tripartite Commission for Social and Economic Affairs. A formal tripartite agreement on the support of short-time-work was changed unilaterally by government before becoming law.

<sup>4</sup> For overviews of these debates see, e.g. Pochet, Keune and Natali (2010); Compston and Greenwood (2001); Vaughan-Whitehead (2003); Hyman (2005).

<sup>5</sup> Obviously this is a non-exhaustive overview.

Country	Policy measures
France	Increase in partial unemployment allowances ( <i>chômage partiel</i> ) and extension of the unemployment allowances to include new groups.
Hungary	Package of measures proposed by the government and discussed in the national tripartite body, including reallocation of the European Social Fund, micro-loans, loan guarantees, wage subsidies for employers hiring workers laid-off by other companies due to the economic crisis, accelerating public infrastructure investments, proposal for shortened working hours while compensating employees' lost income from the Labour Market Fund.
Ireland	Recovery plan entitled: 'Further measures to support national recovery through social partnership', proposed by government to social partners including: proposals on new job protection measures; a plan to cover insolvent private sector pensions; a reaffirmation of commitments to improve employment rights measures; greater protection for mortgage holders; a commitment on 'transforming the public service'; a major amendment to the terms of the private sector pay
Lithuania	Agreement in the Tripartite Council of the Republic of Lithuania, on a draft law amending and supplementing 19 articles of the Labour Code seeking to liberalise industrial relations and promote social Dialogue on the company level.
Estonia	Adoption of new Employment Contracts Act from 1 July 2009 based on a tripartite agreement and providing for a flexibilisation of the labour market, e.g. easing dismissal rules, changes in the regulation of labour dispute committees, promote flexible employment forms such as fixed-term contracts and increasing unemployment benefits and childcare leave.
Romania	Anti crisis measures were discussed with the social partners before coming into effect. Nevertheless Trade Unions and Employers Associations voiced their dissatisfaction at how the programme reflects their own proposals. Measures include infrastructure works, tax exemptions for reinvested profits, guarantee fund for the loans granted to SMEs, an extension of the unemployment benefit period by three months, co-funding of 50% towards continuing vocational training for unemployed people and employees, and the creation of a tripartite advisory group to help drafting the state budget and develop anti crisis measures.
Luxembourg	After consultation with the social partners, the government has taken anti-crisis measures including: supporting purchasing power, supporting business activity by means of fiscal and other measures, creating an administrative environment which is favourable to economic activity, public investment, directly supporting companies in difficulty, monitoring the effects of the crisis on employment and preparing for the post-crisis period.

Source: Adam 2009, Van Gyes 2009, Perin 2009a, Grünell 2009, Planet Labour 2009a, Muratore 2009, Skledar 2009, Cziria 2009, Towalski 2009, FES 2009, CEE 2009, Neumann 2009, Sheehan 2009, Blaziene 2009, Nurmela 2009, Ciutacu 2009, Wlodarski 2009.

This does not mean that there has been consensus in all these cases. As indicated in the table, in several countries there has been formal consultation of the social partners by the government but no agreement has been reached. Also, in some cases there is clear disagreement or conflict. Moreover, the crisis may well affect long-standing practices of social dialogue. Possibly the clearest example of this is Ireland, where the crisis has led to a breakdown of national social partnership with the employers' association IBEC pulling out of the national pay agreement in December 2009 and advising its members to prepare for local wage bargaining.

### 3.2 Short-time working arrangements

A variety of labour market related measures have been taken across Europe as part of crisis responses (e.g. Glassner and Galgózi 2009, European Foundation for the Improvement of Living and Working Conditions 2009, Rychly 2009). Here we want to focus on statutory labour market policy arrangements to support the wages of employees working reduced working hours because of temporary economic difficulties of the company. These arrangements include temporary lay-offs, reduced working hours, '*chômage partiel*', '*chômage temporaire*', '*Kurzarbeit*' and others and are here subsumed under the heading short-time working arrangements. They generally aim to limit dismissals in companies facing temporary economic difficulties and start from the assumption that for many companies the crisis is indeed temporary.

Short-time working arrangements with state support are not a novelty: in many countries some form of such policies has been in existence for quite some time. However,

the crisis has led to an increase in the range of measures and an extension of the entitlement conditions, as well as the first-time introduction of short-time working arrangements in several of the Central and Eastern European countries where they did not exist previously (Glassner and Galgóczi 2009, Eurofound 2009). Furthermore, in some countries, the scope of statutory short-time working provisions has been extended to new groups of employees, in particular those on atypical contracts (i.e. temporary agency workers, fixed-term contract workers and part-time workers) that were not covered before. Still, there is ample diversity of measures across countries (ibid.).

The adaptation or introduction of such short-time work arrangements has been largely welcomed and supported by unions and employers. This high acceptance derives from the fact that these measures pursue the combined goals of employment protection, avoiding social costs of rising unemployment, maintaining human capital and increasing companies' internal flexibility in order to respond not only to the requirements of the sudden economic downturn but also to prepare for economic recovery. A further particularity of these measures is that they often rely on company or sector collective agreements for their implementation. In this way they truly are examples of coordinated collective responses by social partners and governments. They also have been of great importance to stimulating bipartite negotiated responses through collective agreements at intersectoral, sectoral or company level (as will be discussed in section 4). An interesting and comprehensive example of such a policy package is the set of short-time working measures introduced on top of already existing schemes in Belgium (Table 4).

**Table 4.**  
**Overview of recent short-time working measures in Belgium**

	<b>Temporary collective reduction working time</b>	<b>Temporary individual reduction working time</b>	<b>Temporary unemployment</b>
Measure	Reduction in working time by one-fifth or a quarter	Based on existing time credit scheme – parties decide to reduce working time by mutual agreement.	Collective, total or partial suspension of employment contract.
Conditions	For all employees or a specific category of employees.	Company in financial difficulties. Working time reduction by one-fifth or half for a minimum period of one month and up to a maximum period of six months. Normal conditions of the time credit scheme do not apply. Applicable to fulltime employees only.	Company in financial difficulties. White collar workers (already exists for blue collar workers). Applicable to a certain number of employees and only after exhausting their recuperation days. Total or partial suspension of employment contract for a period of at least one or two weeks and up to a maximum of 16 or 26 weeks a year.
Procedure	Company collective agreement.	Consent required by employee. Collective agreement at sectoral level before 1 June 2009; if none exists, collective agreement at company level or a company plan approved by an ad hoc commission (latter must contain measures for maintaining a maximum level of employment).	Collective agreement at sectoral level before 1 June 2009; if none exists, company collective agreement or company plan approved by an ad hoc commission. Unemployment Office and employee must be informed seven days prior to implementation.

	Temporary collective reduction working time	Temporary individual reduction working time	Temporary unemployment
Employee compensation	Monthly compensation paid by the employer for reduced wages in the case of working time reduction: - by one-fifth – a minimum of €150 - by a quarter – minimum of €187.50 Limit: the wage and compensation combined must be below full-time wage.	Allowance paid by National Employment Office. Working time reduction: by one-fifth – €188 (€248 when the worker is aged 50 years or over) - by half – €442. Employer can pay additional compensation. Limit: allowance and wage combined must be below full-time wage.	Compensation paid by the Auxiliary Unemployment Benefits Fund for each day of suspension amounting to: - 70% (if cohabiting) or 75% (if single or main family breadwinner) of the worker's gross wage which is limited to a maximum of €2,206 a month. The employer can pay an additional compensation.
Employer benefit	During working time reduction, the employer benefits from a reduction in social security contributions: - by €600 if working time is reduced by one-fifth - by €750 if working time is reduced by a quarter. These amounts are increased by €400 if a four-day working week is implemented.		

Source: Van Gyes 2009

## 4. Collective agreements addressing the impact of the crisis

Collective bargaining has proven to be one of the most important instruments in dealing with the present crisis, as in most European countries extensive bargaining takes place on crisis-related restructuring and reorganization of companies, wage adjustments, reduction of working time, flexibilization of labour relations, and vocational training and re-skilling. Also, collective bargaining plays a key role in the implementation of statutory short-time working provisions as discussed in section 3.2.

As mentioned in section 2, this paper focuses mainly on crisis responses resulting from bargaining processes between social partners ('negotiated responses'). Sections 4.2 and 4.3 present a series of examples of such negotiated responses at the intersectoral, industry and company levels, concentrating mainly on innovative examples that aim to achieve balanced outcomes and that, within the constraints of the crisis, cater to the needs of both employers and workers. Before coming to the outcomes of collective bargaining, however, some of the key factors influencing the emergence of negotiated responses are addressed in more detail in the following section.

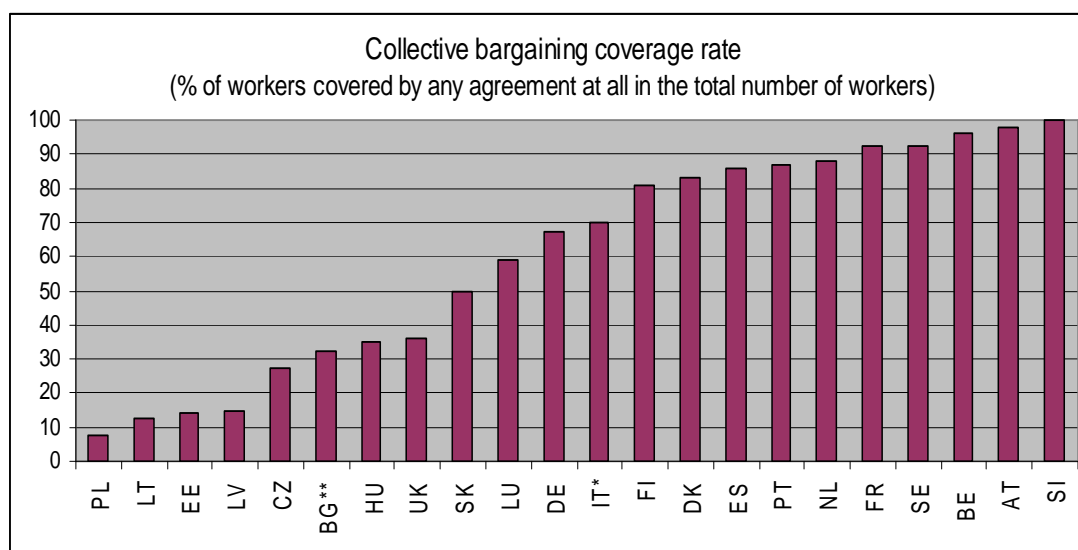
### 4.1 Bargaining levels and coverage

As already briefly mentioned in section 2, the levels at which bargaining normally takes place as well as the coverage rate of collective agreements are important factors in determining the emergence of 'negotiated responses' to the crisis. Where the levels of bargaining are concerned, there exists a clear divide between countries where collective bargaining is highly decentralised, with the company level as the exclusive or predominant level of collective bargaining, and countries where multi-employer bargaining at the intersectoral and sectoral levels is dominant (see Annex 2). In the latter a wider variety of responses can be expected, combining agreements at various levels. In particular, the

setting of framework conditions by higher-level agreements that determine the scope for bargaining at the enterprise level should be noted here.

This is also important as in particular at the enterprise level bargaining processes and the outcomes of ‘negotiated’ responses may differ ‘qualitatively’, following from different economic circumstances and power relations. In terms of process, they may be the result of balanced negotiations between equal bargaining partners, they may be dominated by one side of the bargaining table, or they may have the character of an ‘emergency’ agreement primarily aiming at saving the existence of the plant or location. In substantive terms, these different processes will result in different types of agreements in which the extent to which they cater to the interests of workers and employers varies.

**Graph 2.**  
**Collective bargaining coverage in Europe**



Sources: Marginson/Traxler 2005, \*European Commission 2004, \*\* ETUI 2009

Moreover, the de facto scope of collective agreements in terms of coverage is decisive. As Graph 2 indicates, collective bargaining coverage varies strongly. Low bargaining coverage rates in countries such as Poland, Bulgaria, the United Kingdom or Hungary clearly limit the effective scope for the conclusion of crisis-related agreements as well as the reach of short-time working arrangements that have to be implemented by collective agreements. Rather, in these cases non-negotiated responses based on individual employment relationships and unilateral management decisions will dominate in large parts of the economy and the labour market. This obviously increases the likelihood that responses to the crisis will be dominated by employers' interests and will have limited attention to workers' interests. The present paper focuses on developments concerning negotiated responses and will not deal further with non-negotiated responses. Still, it has to be emphasized that these have been widespread throughout Europe, in particular in countries dominated by decentralized collective bargaining and low coverage of collective agreements.

## **4.2 Crisis responses through sectoral and intersectoral collective agreements**

The crisis had its first and most urgent effects at the company level, where rapid adaptation to changed circumstances has often been necessary. Also, higher level responses often require more time because of the greater number and variety of actors and interests involved. Additionally, where pre-crisis intersectoral and sectoral collective agreements

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were concluded for multiple years they are often still in force. Nevertheless, quite a number of sectoral and intersectoral agreements have been made in which social partners forward innovative solutions to strengthen competitiveness and promote employment. We can distinguish between agreements that are simply bipartite and bipartite agreements that benefit from state sponsoring.

Where the first category is concerned, we want to present a series of instructive agreements (Table 5). The first notable example is the ‘pilot agreement’ between the Finish social partners for blue collar workers of the technological manufacturing sector – i.e. electronics, mechanics, ICT and metalworking – concluded in August 2009 after failed negotiations in the spring. The agreement provides for the possibility of ‘incremental’ wage increases at the company-level according to conditions set in the sectoral agreement. At the company level, the sectorally agreed pay rises can be delayed or even abandoned under certain circumstances – for example, if a company’s present financial situation cannot reasonably take the strain of higher labour costs, if demand is exceptionally weak, or if the wage increases would threaten jobs. A similar agreement was later concluded for the salaried employees in this sector by the Federation of Professional and Managerial Staff (YTN) and the Confederation of Finnish Industries (EK).

Similar agreements on the flexibilisation of pay on the company-level can found in Sweden and Germany. For instance, the Swedish agreements on incremental wage increases for professional technical staff allows for a step-wise increase of wages in accordance with the economic situation of the company and thus allows for a temporary deviation from pay increases set in the sectoral agreement. Similar agreements have been concluded in several sectors in Germany since late 2008, such as in the public sector (on the level of Länder), the textiles industry, banking, construction and retail trade (Bisping 2009a). Exemplary in this respect is the pilot wage agreement concluded in the German metal sector (Table 5).

Another type of agreement, aiming at the flexibilization of working time and the preservation of jobs and human capital can be found in the Dutch transport sector. Confronted with a substantial decline in demand for labour, the social partners stated from the starting point that they wanted as much as possible to avoid forced dismissals and the outflow of workers from the sector. Three measures were agreed upon, the specifics of which have to be agreed at company level by the company and a union representative: (i) workers born between 1947 and 1950 that are threatened by unemployment get guarantees that they can enter the pre-pension scheme; (ii) a temporary expansion of the obligatory and voluntary time-for-time regulations, allowing for a more flexible scheduling of working hours; and (iii) the employer gets the right to determine unilaterally when the working time reduction days agreed in the sector collective agreement have to be taken up. Later a temporary mobility centre was established by the social partners with the aim of finding employment within the transport sector for unemployed or redundant truck drivers and crane operators to safeguard their expertise and knowledge for the sector.

A further example of interest is the Swedish agreement on temporary lay-offs and training concluded by IF Metall – representing blue-collar workers in the manufacturing industries – and the three employers’ organizations in the manufacturing sector, with the objective of safeguarding jobs in the sector under pressure because of the crisis. The agreement was concluded in March 2009 and runs until the end of March 2010. It has to be implemented through local agreements (Lovén 2009b; see details in Table 5).

Finally, there is the ‘exceptional’ 2009-2010 intersectoral framework agreement concluded by peak-level employers’ organizations and unions in Belgium. It seeks to strike a balance between companies’ competitiveness, workers’ purchasing power and employment. It proposes measures to raise the net wages of workers without raising wage costs for employers; a continuation of the automatic indexation of wages to inflation; the maintenance or increase of the real value of social benefits and a higher benefit for workers

who are on temporary unemployment because of the crisis; and tax reductions on labour costs and financial incentives in order to recruit long-term unemployed people.

**Table 5.**  
**Negotiated responses at the intersectoral and sectoral levels**

Country	Signatory parties to the agreement	Main provisions of the agreement
Finland	Confederation of Finnish Industries - EK, and the Metalworkers' Union (Metallityöväen Liitto): Three-year pay agreement for the technological manufacturing sector  Later adopted for higher staff in the technological manufacturing sector (concluded by EK and the Federation of Professional and Managerial Staff – YTN)	<ul style="list-style-type: none"> <li>• Possibility to set pay increases on a company-by-company basis, depending on the economic situation of the company</li> <li>• Increasing flexible wage-setting in line with economic developments by allowing for step-wise ('incremental') increases of salaries</li> <li>• Suspension of wage increases only under the condition of a continued demand crisis, labour costs growth not bearable for the company and pay raises would threaten jobs</li> </ul>
Netherlands	TLN (Transport and Logistics Netherlands), KNV (Royal Dutch Transport) and VVT (Association for Vertical Transport) on the employers' side and the unions FNV (Dutch Trade Union Federation) and CNV (National Federation of Christian Trade Unions): Agreement for the transport sector	<ul style="list-style-type: none"> <li>• Guaranteed access to pre-pension schemes for older workers threatened by unemployment.</li> <li>• A temporary expansion of the obligatory and voluntary time-for-time regulations.</li> <li>• Unilateral determination by employer of when working time reduction days have to be taken up.</li> <li>• Temporary mobility centre.</li> </ul>
Sweden	The Association of Swedish Engineering Industries (Teknikföretagen), the Swedish Industrial and Chemical Employers' Association (Industri- och Kemigruppen), the Metal Group (Metallgruppen) and IF Metall: Two-year collective Agreement on Temporary Lay-offs (March 2009). Similar agreement adopted later for professional technical staff.	<ul style="list-style-type: none"> <li>• Temporary redundant workers receive at least 80% of the normal wages (including unsocial working hours and other compensations)</li> <li>• Temporary lay-offs exclusively on the basis of a collective agreement at company level</li> <li>• Local parties can agree on training provisions for the workers instead of free time</li> </ul>
Sweden	The employers' association Almega STD and Unionen: One-year national collective agreement on pay for professional technical staff (September 2009)	<ul style="list-style-type: none"> <li>• General pay increase of 2.3 % whereby in companies facing a tense economic situation lower pay rates can be set</li> </ul>
Sweden	Almega STD and on the employees' side Sveriges Ingenjörer and Sveriges Arkitekter: Two-year agreement on pay (September 2009)	<ul style="list-style-type: none"> <li>• Collectively negotiated wage increase of 2.3 % that can be undercut at company-level if economic condition requires it</li> <li>• For 2010 no general wage norm in the agreement, wages set exclusively at company-level</li> </ul>
Germany	The employers' association Gesamtmetall and IG Metall (Baden-Württemberg): Pay agreement (November 2008)	<ul style="list-style-type: none"> <li>• Step-wise general pay increases (2.1% bi-annually in 2009)</li> <li>• Lump-sum payment of €510 to compensate for three months without pay increase (November 2008 to January 2009)</li> <li>• Contributions by employees (0.4% of monthly wages between January and April 2010) to finance pre-retirements.</li> </ul>
Belgium	The peak-level employers' association FEB/VBO (Belgian Federation of Employers) and other industry organizations and the peak-level trade union confederations (FGTB/ABVV, CSC/ACV, CGSLB/ACLVB): Inter-professional Framework Agreement 2009-2010	<ul style="list-style-type: none"> <li>• Increasing non-wage elements in collective agreements by providing lunch vouchers, increasing travel compensation etc.</li> <li>• Maintenance of real value social benefits and increasing benefits of workers on partial unemployment</li> <li>• Maintaining the system of automatic indexation for wage raises</li> <li>• Tax reduction on labour costs</li> <li>• Incentives to hire long-term unemployed</li> </ul>

Sources: Planet Labor, 2009c, Jokivuori 2009; FNV Bondgenoten 2009, Lovén 2009b, Planet Labor 2009d, Dribbusch 2009, Vogel 2009, Perin 2009.

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State-sponsored bipartite agreements are those that have been concluded with the direct or indirect support of state actors (see Table 6). These include agreements on the implementation of statutory short-time working provisions by collective bargaining actors, subsumed under the category of ‘state-sponsored’ agreements since they often include norm-setting and financing by the state.

The agreement concluded for the Italian pharmaceutical sector is an example of a bipartite agreement strongly supported by the government. Under the Welfarma project, the social partners and the government declared they will jointly assist, retrain and out-place workers made redundant in the crisis-ridden pharmaceutical industry. A permanent committee has been established in the Ministry of Economic Development for this purpose. Also, a national observatory for the monitoring of the sector’s labour market will be established by the social partners together with the Ministry of Labour, Health and Social Policy, the companies in the sector, and other actors.

An example for the linkage between the temporary inactivity of a worker and the option for training is found in the French chemical sector. The sector’s employers’ association, UIC (Union des Industries Chimiques), and the Ministry of Economy, Industry and Employment concluded a national framework agreement on the use of training programmes in order to enhance the employability of workers and avoid redundancies and increase the competitiveness of companies in the chemical industry. The agreement that is strongly supported by the Fédération Chimie Energie of the CFDT union (FCE-CFDT) makes ample use of the recent reforms of the French vocational training system laid down in a national intersectoral agreement in January 2009 (Alleki 2009).

An agreement on additional short-time working benefits on top of the statutory minimum allowances has been concluded in the German metal industry. The agreement provides for two modes of setting additional allowances at the company-level (Vogel 2009). Furthermore, the agreement includes an opening clause on the implementation of training measures at the company-level for workers in short-time work. As an incentive for employers, no additional short-time work allowances have to be paid during the period of training. In Germany collective agreements that specify additional short-time work benefits and other issues related to the implementation of statutory short-time working provisions also exist in other sectors. However, they were generally already in place before the economic crisis hit (Bispinck 2009b).

**Table 6.**  
**Examples of state-sponsored bipartite agreements at the sectoral level**

Country	Signatory parties to the agreement	Main provisions of the agreement:
<b>Italy</b>	Employers' association Farmindustria and the chemical sector's unions affiliated to the three main union confederations (Filcem-Cgil, Femca-Cisl and Uilcem-Uil): Agreement for the pharmaceutical sector, 'Welfarma project', (Nov. 2009). Also participation of Ministry of Economic Development and Ministry of Labour.	<ul style="list-style-type: none"> <li>• Training programmes for workers made redundant</li> <li>• Establishment of a permanent social partner committee and a tripartite 'observatory' to monitor labour market developments in the sector</li> </ul>
<b>France</b>	Sectoral agreement on training for the chemical sector, concluded by the employers' association of the chemical sector UIC and the Ministry of Economy, Industry, and Employment. Strongly supported by the Federation Chimie Energie of the CFDT union (FCE-CFDT)	<ul style="list-style-type: none"> <li>• Increases use of training programmes for companies facing economic difficulties in order to increase employability, avoid redundancies and develop skills of workers</li> </ul>
<b>Germany</b>	Sectoral agreement on the implementation of short-time work in companies of the metal sector (Gesamtmittel and IG Metall). Based on state measures	<ul style="list-style-type: none"> <li>• Easing the implementation of short-time work on company-level by reducing the period of notice to a minimum of one day, provided the works council agrees to the implementation of short-time work.</li> <li>• Introducing two modes to pay additional short-time work allowances to workers (above the minimum thresholds stipulated by law).</li> <li>• Easing the adoption of training measures in the company for workers in short-time work via an opening clause.</li> </ul>

Sources: Galetto 2009, ICEM 2009, Vogel 2009

### 4.3 Company agreements tackling the effects of the crisis

The company level has become the main arena for social partner action in order to deal with the challenges of the crisis that hit Europe in late 2008. The main features of the crisis, such as falling demand and lack of investment capital manifest themselves most immediately at this level. Also, the effects of the crisis are first felt at the company level: it is here that restructuring, downsizing, job losses and wage adjustments first take place. Additionally, it is mainly at the company level that statutory short-time working and partial unemployment provisions are implemented (see section 3.2).

Company collective agreements dealing with the effects of the crisis may differ with regard to the issues addressed and the measures included. One reason for this is that the economic situations of individual companies may differ substantially and can require emergency measures or only small adjustments. As well, it is important whether or not an agreement is made in the context of a higher level agreement that sets limits to the possible measures, and whether it is made by more or less equal partners or there is a clear power imbalance. As a result, certain agreements primarily aim at the maintenance of jobs, temporary deviations from collectively negotiated pay norms or temporary working time reductions, while others deal with mass dismissals or company closures. Also, some agreements cater to the needs and interests of both workers and employers, while others are more one-sided.

In this section we present a variety of recent company agreements that are directly linked to the economic crisis, focusing mainly on those that offer relatively balanced or innovative solutions, taking into account both the company's competitiveness and workers' interests. The agreements are summarized in Table 7. Here we want to discuss some of the interesting features of these agreements.

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An instructive example for safeguarding employment through job-sharing ('solidarity contracts'<sup>6</sup>) is the agreement on internal restructuring and job maintenance at Telecom Italia. The two-year agreement sets conditions for working time reductions and training measures in order to save 470 jobs. The Telecom Italia agreement is an example of a state-sponsored agreement, as the Minister of Labour acted as mediator between the company and the unions. Furthermore, at the Italian telecommunications provider Italtel, an agreement on working time reduction via solidarity contracts to save 90 out of 250 jobs was concluded by the company management and the metalworkers' unions of the three main union federations. At the ThyssenKrupp location in Umbria, the provincial representatives of the metalworkers' unions signed an agreement on working time reductions whereby losses in workers' income are compensated for via the Extraordinary Wages Guarantee Funds. Likewise, at the steel producing company Ilva in Puglia, the company and the local metalworkers' unions negotiated an agreement on working time reduction.

Italy also provides examples of negotiated responses that were concluded and implemented under less cooperative, more conflictive conditions, like those in a number of Fiat plants. For instance, at a Fiat affiliate in the province of Emilia Romagna, the management introduced short-time working funded by the Extraordinary Wages Guarantee Fund only after strike actions by the workers. At Fiat subsidiaries in Turin, the introduction of short-time work measures and mobility procedures for job outplacements has been criticized by unions as being unbalanced since they reduce the working hours of some workers and increase those of others. At the Naples plant of Fiat the introduction of short-time working and job placement measures ('mobility procedures') met with unions' criticism that these would represent 'unilateral postings' of workers by the management from one plant to another. A state-sponsored agreement was reached at Indesit, a multinational company producing household appliances, after industrial action by the workforce in response to the announced closure of a plant employing 600 workers. This agreement saves all Italian plants of the multinational by introducing working time reductions (funded through the Extraordinary Wages Guarantee Funds), mobility procedures and training measures.

In Denmark work-sharing agreements aimed at maintaining employment in enterprises undergoing restructuring have been concluded at companies such as Danfoss (a national engineering company that had already dismissed 550 workers in late 2008 and early 2009), and the multinational Grundfoss. The 2007 collective agreement for the industry sector allows for a 13-week-period of work-sharing, with a possibility of extension of up to 26 weeks, through collective agreements at the enterprise level. Workers can receive public unemployment benefits for days not worked. The number of companies applying work-sharing measures has strongly increased in Denmark; in 2008 a total of 213 companies adopted work-sharing agreements whereas in the first two months of 2009 the number already exceeded 500 (Jørgensen 2009). Unions criticized that training measures for temporary unemployed workers are lacking in most of these agreements.

In Sweden the two job-saving agreements concluded at Volvo and Scania in May 2009 are exemplary for 'controlled' reductions of working time via the implementation of an intersectoral agreement on 'temporary lay-offs' at the plant-level. At Volvo 1,000 jobs could be saved by working time reductions without losses in income. At Scania a similar agreement has been concluded, including the adoption of a training programme funded by the European Social Funds.

In France the agreement concluded at PSA Peugeot Citroën links vocational training measures with the implementation of temporary unemployment. Employees participating

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<sup>6</sup> Solidarity contracts allow for a compensation of wage losses of up to 60 per cent funded by the public Institute of Social Security (INPS). The number of solidarity contracts is increasing. In 2008, 169 companies made use of solidarity contracts whereas the number of enterprises that have concluded such contracts amounted to no less than 145 in only the first quarter of 2009 (Planet Labor 2009c).

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in training measures receive 100 per cent income compensation. Another agreement that protects both employment and workers' wages via the establishment of 'crisis funds' has been adopted at Renault.

At the French subsidiary of Goodyear Dunlop, a social plan to mitigate the social effects of restructuring measures was reached after a rather conflictual process. However, following a court order, the social plan will have to be renegotiated as it was established that the works council had not been sufficiently informed about the management's restructuring plans.

In Germany, the energy provider EON and the multi-services sector union ver.di negotiated an agreement that guarantees jobs and working conditions, including pay, until 2012. However, unions still fear job losses as a consequence of the planned sale of EON's IT services provider. At the German car component manufacturer Schaeffler, an 'agreement on job security' was concluded under adverse economic conditions. The demand shock that hit the car industry and the recent merger with the multinational car component supplier Continental endangered around 220,000 jobs at Schaeffler. This cost-saving agreement that also maintains employment was welcomed by the German metalworkers' union IG Metall, the company's works council, as well as by the management. A more controversial 'cost-cutting package' has been concluded at Daimler. Although the agreement is in line with collective bargaining norms set in sectoral collective agreement, it brings about a temporary loss of income for employees. Furthermore, it provides only a limited job guarantee that derogates from a previous 'pact on employment and competitiveness'.

In the Netherlands, a job-saving agreement providing for the extended use of short-time work has also been concluded at DAF Trucks. According to the negotiated compromise, workers will not suffer any income loss but the option of negotiating a social plan for redundant workers remains. Likewise, a similar agreement that will save 451 jobs has been concluded at the Belgian plant of DAF Trucks.

In Hungary, in April 2009 GM Opel made an agreement with the unions to introduce a four-day working week for permanent staff. The aims of the agreement are to reduce production following declining demand and at the same time save jobs. Workers receive 50 per cent of their salary for hours not worked. The contracts of temporary workers were not renewed, however.

Finally, in the Czech Republic, the management of Siemens Railway Transport Vehicles announced in July 2008 that it planned to close its plant in Prague in September 2009 as part of a global restructuring plan of Siemens. After continued protest by employees and trade unions, in late August the company and the unions reached an agreement on additional payments to employees in case of plant closure or in case of the sale of the plant to a new owner. In case of closure the severance payment was set at 16 months' wages. In case of the transfer of the plant to a new owner the employees would receive three months' wages. Further bonuses were agreed for the period up to September 2009. Finally, the plant was closed in July 2009, affecting around 1,000 workers (EMCC 2009).

From this overview of crisis related company-level collective agreements, it emerges that these agreements predominantly deal with the following issues:

- the promotion of employment and safeguarding of jobs via flexible reduction of working time;
- increasing the employability of workers through programmes of vocational training and re-skilling;
- facilitation of changes in work organization and support to company programmes of restructuring;

- temporary deviations from collectively negotiated pay rates in accordance with exemption rules (e.g. ‘opening clauses’) stipulated in sectoral and/or intersectoral collective agreements or labour law.

In particular the various types of arrangements to shorten working hours in order to simultaneously deal with declining demand and the protection of employment are widespread in these agreements. This does not mean that these agreements are always made through cooperative interaction: indeed, because it is often not easy to reconcile employers’ and workers’ interests, in many cases conflict and disagreements are part and parcel of the process that leads to negotiated responses.

Also, the agreements presented here clearly show the link with government measures on short-time work presented in section 3 as well as with higher level agreements in section 4.2. Many of the company agreements that devise crisis responses based on short-time work depend on government measures, national unemployment benefit systems and/or on higher level agreements that set out the rules for such responses and (partially) finance them. Furthermore, in cases where higher level agreements apply, they clearly set the rules of the game and facilitate agreements by company actors, for example by stipulating the available room of maneuver within which agreements can be made.

**Table 7.**  
**Negotiated responses at the company level**

Country	Signatory parties to the agreement	Main provisions/content of the agreement:
Italy	Telecom Italia and unions of the telecom sector (i.e. the Communication Workers’ Union (Slc-Cgil), the Information, Entertainment and Telecommunications Workers’ Union (Fistel-Cisl), and the Italian Communication Workers’ Union (UILCOM) and the ‘unitary workplace union structure’ RSU): Agreement on solidarity contracts and mobility procedures for the reorganization of the company with the mediation of the Minister of Labour.	<ul style="list-style-type: none"> <li>• Temporary and limited reductions of working hours (maximum 47% reduction for full-time employees and maximum 23% for employees working 65% of working hours stipulated in the full-time contract)</li> <li>• Internal transfer of workers to other operative areas monitored by union and employee representatives</li> <li>• Training programmes</li> </ul>
	Indesit, metalworkers unions and representatives of the regional government of Piedmont : Job-saving agreement (July 2009)	<ul style="list-style-type: none"> <li>• Working time reductions funded by the Special Wages Guarantee Funds</li> <li>• Mobility procedures: voluntary pre-retirements</li> </ul>
	Italtel and the metalworkers’ unions Fim-Cisl, Fiom-CGIL and Uilm-Uil: ‘Job-saving agreement’	<p>Working time reduction via solidarity contracts and temporary wage cuts and lower social contributions for employers in order to save 90 out of 250 jobs</p> <ul style="list-style-type: none"> <li>• Lost working hours will be paid up to 60% by means of the extraordinary wages guarantee funds</li> <li>• Wage losses are relatively moderate, i.e. around 4% per year for 1200 workers and 2% for 187 workers, and temporarily limited (until end of 2010)</li> <li>• For workers made redundant a ‘voluntary leave incentive plan’ provides for benefits amounting to 80% of the salary plus a €7,000 bonus.</li> </ul>
	ThyssenKrupp (Umbria) and the metal sector unions of the provincial level affiliated to the three main union confederations (i.e. Fiom-CGIL, Fim-Cisl, Uilm-Uil, Fismic and UGL), and the single trade union representation (RSU): Agreement on CIGS (Extraordinary Wages Guarantee Fund)	<ul style="list-style-type: none"> <li>• Compensation of workers (including apprentices and fixed-term workers) for losses in income due to reductions in working time</li> </ul>
	Ilva (Puglia) and the local metal sector unions (i.e. Fiom-CGIL, Fim-Cisl, Uilm-Uil):	<ul style="list-style-type: none"> <li>• Working time reductions subsidized through the Wages Guarantee Fund</li> </ul>

Country	Signatory parties to the agreement	Main provisions/content of the agreement:
	Agreement on Wages Guarantee Fund (CIGO).	
	Case New Holland (Emilia Romagna), producer of agricultural machinery affiliated to Fiat, concluded an agreement on short-time working (September 2009) funded by the Extraordinary Wages Guarantee Fund (CIGS)	<ul style="list-style-type: none"> <li>• Reduction of working time for 12 months, funded by the CIGS</li> <li>• during this period negotiations on the restructuring of the company will be taking place between the management and local unions;</li> </ul>
	Powertrain (Turin), an affiliate of Fiat, and the Fiat central office in Mirafiori (Turin) concluded an agreement on the reduction of working time (August 2009) and job placement measures;	<ul style="list-style-type: none"> <li>• Temporary reduction of working time, funded by the public Wages Guarantee Fund</li> <li>• Measures on restructuring and job placements ('mobility procedures')</li> </ul>
	Management of Fiat plant in Naples signed agreement on short-time working and job placement measures (August 2009)	<ul style="list-style-type: none"> <li>• Temporary reduction of working time, funded by the funded by the Ordinary Wages Guarantee Fund (CIGO)</li> <li>• Measures on restructuring and job placements</li> </ul>
Denmark	Danfoss, and the industrial sector union 3F: Agreement on job-sharing	<ul style="list-style-type: none"> <li>• Working time reductions via job-sharing, affecting 416 employees</li> </ul>
	Grundfos and the manufacturing sector union 3F: Agreement on job-sharing	<ul style="list-style-type: none"> <li>• Working time reductions via job-sharing, affecting 1,080 employees</li> </ul>
Sweden	Volvo and IF Metall: Job-saving agreement based on the inter-sectoral agreement on 'temporary lay-offs'	<ul style="list-style-type: none"> <li>• Working time reductions via temporary-lay-offs</li> </ul>
	Scania and IF Metall: Job-saving agreement (valid from 1 June to 31 December 2009) based on the inter-sectoral agreement on 'temporary lay-offs'	<ul style="list-style-type: none"> <li>• 20% cut in working time and a 10% decrease in pay,</li> <li>• Cuts in holiday pay and a temporary freeze on wage increases during 2009</li> </ul>
France	Renault and CFDT, CFTC, CFE-CGC and FO: 'Social crisis agreement' (March 2009)	<ul style="list-style-type: none"> <li>• Flexible reduction of working time via individual working time accounts,</li> <li>• Maintaining net pay of workers through establishment of company 'crisis funds'</li> </ul>
	PSA Peugeot Citroën and CFE-CGC, CFDT, CFTC, FO and GSEA unions: Agreement on 'training and compensation during partial unemployment' (April 2009)	<ul style="list-style-type: none"> <li>• Protection of employees' wages when participating in training initiatives,</li> <li>• Follow-up procedures to monitor the implementation of the training programme.</li> </ul>
	Goodyear Dunlop Tyres: Suspension of the restructuring plan imposed by the board through the court of Nantes. The works council was not fully informed about the plan before its implementation.	<ul style="list-style-type: none"> <li>• Social plan for 817 workers has to be renegotiated with the participation of the works council</li> </ul>
Germany	Schaeffler and metalworkers' union IG Metall: 'Agreement on job security' (May 2009)	<ul style="list-style-type: none"> <li>• Reduction of labour costs through the reduction of working hours and a corresponding adjustment of wages and salaries, including cuts in one-off payments</li> <li>• Increased use of 'short-time work'</li> <li>• Voluntary redundancies and partial pre-retirement scheme</li> </ul>
	Daimler and IG Metall: 'Cost-cutting package' (April 2009)	<ul style="list-style-type: none"> <li>• Reduction of working time without pay compensation</li> <li>• Extended use of short-time work with additional payment on the statutory short-time work allowance, however derogation from formerly set provisions that guarantee 100% of workers' net income;</li> <li>• Postponement of the general pay increase of 2.1% set by collective agreement;</li> <li>• Limited job guarantee: General job guarantee until 2011 as agreed on in a previous job-saving agreement in 2004 remains in place and workers hired later than 2004 are now covered by job guarantees until June 2010. However, if economic situation of the company</li> </ul>

Country	Signatory parties to the agreement	Main provisions/content of the agreement:
	EON and the multi-sectoral white collar union ver.di: Compromise agreement on safeguarding employment (August 2008)	<p>remains weak or further deteriorates, the job guarantee can be cancelled from January 2010 onwards:</p> <ul style="list-style-type: none"> <li>• Protection of jobs, collective agreements, training provision and pensions until 2012</li> </ul>
Netherlands	DAF Trucks and FNV Bondgenoten: Job-saving agreement (June 2009)	<ul style="list-style-type: none"> <li>• Extended use of short-time work without any losses of income</li> <li>• Option of negotiating a social plan for workers made redundant will be considered in three-months-interval</li> </ul>
Belgium	DAF Trucks and metalworkers' union ABVV-Metaal: 'Employment Pact' (June 2009)	<ul style="list-style-type: none"> <li>• Extension of temporary unemployment</li> <li>• Extended use of early retirement schemes</li> <li>• Limited job guarantee for the next two years provided the company's economic situation does not worsen</li> </ul>
Hungary	GM Opel, Szentgotthard: Collective agreement on reduction of working time for permanent staff.	<ul style="list-style-type: none"> <li>• Introduction of four-days working week</li> <li>• Payment of 50% of wages for hours not worked</li> </ul>
Czech Republic	Siemens: After strike action due to the planned closure of the Prague plant an agreement on the transfer of undertakings or plant closure concluded with the OS KOVO union (August 2008).	<ul style="list-style-type: none"> <li>• Agreement on a package of benefits worth €32.7 million: <ul style="list-style-type: none"> <li>- In case of plant closure severance package (worth 16 monthly salaries),</li> <li>- or, in case the plant is taken over by a buyer, 3 months' wages as bonus payment;</li> <li>- Additional bonuses for the period until closure or transfer to new owner.</li> </ul> </li> </ul>

Sources: Rinolfi 2009, Planet Labor 2009e, Planet Labor 2009f, Planet Labor 2009g, Jørgensen 2009, Lovén 2009c, Lovén 2009d, Planet Labor 2009h, Planet Labor 2009i, Planet Labor 2009j, ABVV Metaal 2009; Glassner/Galgóczi 2009, Hála/Veverková 2009.

## 5. Conclusions

The empirical material presented in this paper shows a wide variety of negotiated responses to the crisis in Europe. Such responses can be found at the national intersectoral level, the sectoral level, the regional level and, most importantly, at the company level. They involve trade unions at these various levels and employers' organizations, individual employers and management. Also, national governments, ministries and local governments are involved in certain cases, sometimes as partners to agreements and in other cases more indirectly through public policy that influences the kind of agreements that unions and employers can make. The clearest examples of the latter are the short-time work arrangements that are implemented through collective agreements. In this sense, industrial relations systems in general and collective bargaining systems in particular have played a central role in dealing with the challenges of the crisis. This does not mean that negotiated responses have always come about peacefully and in consensus: disagreement and conflict are in many cases key elements of the process that leads to negotiated responses. The very essence of the negotiation process is to arrive at solutions that take into account the interests of both employers and workers. The extent to which they do so in practice depends to a large extent on the power relations between the two parties, which in turn are strongly influenced by the national legal-institutional setting of industrial relations and the economic situation of the country, sector or company. Against the current background of the crisis, organized labour has generally been driven in a defensive position and unions' readiness to make concessions in order to save jobs has increased.

Most negotiated responses to the crisis, as far as they do not concern the closure of companies, share one particular feature: they start from the assumption that the crisis is a temporary phenomenon, and therefore present temporary solutions. Whether this assumption is correct remains to be seen, though recent economic indicators are pointing to

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a turnaround. However, if the crisis continues for several years, the temporary measures may prove unsustainable because of the burden they put on public finances, labour costs or the wages and incomes of workers and their families. This will call for a renegotiation of the present measures, which is likely to be more conflictual than recent negotiations.

Finally, it would be of interest to consider how short-term developments in the crisis period will affect collective bargaining systems in Europe in the longer term. In general, where the countries with substantial sectoral and intersectoral bargaining are concerned, the negotiated responses to the crisis presented in this paper tend to correspond to the concept of ‘organized decentralization’ (Traxler 1995), an ongoing process in which higher level agreements set the procedures and parameters for collective bargaining at the company level. This allows for adaptation to company-specific circumstances but puts limits on this flexibility, avoiding ‘extreme’ solutions. The crisis indeed accelerates this process of organized decentralization and gives more prominence to the company level. Although this is now seen as a temporary and necessary practice, it may well prove to be irreversible in the future. Also, there is the danger of an increasingly ‘disorganized’ decentralization, where local wage bargaining lacks the framework of a national or sectoral agreement. Recent developments in Ireland seem to point in this direction. In this way, a relatively short but deep economic crisis may then have longer and lasting effects on collective bargaining systems in Europe.

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## Annex 1.

**Industrial relations systems in selected European countries**

<b>System</b>	<b>Pluralistic bargaining</b>	<b>Contestation</b>	<b>Corporatism weak</b>	<b>Corporatism strong</b>	<b>Post-communism</b>
<b>Countries</b>	UK	France, Italy, Spain, Greece	Germany, Netherlands, Slovenia, Austria	Norway, Sweden, Denmark, Finland	Poland, Hungary, Slovakia, Czech Republic, Latvia, Lithuania, Estonia
<b>Relations unions-employers</b>	Liberal-voluntarist Strong unions Decentralised 'Free' bargaining Fair play Short-term	Politicised relations Weak unions Fragmented Class conflict Short-term truces bargained	Segmented unions, limited membership Strong articulation Consensus, long term	Centralised organized interests, high membership and compliance. Self-regulatory, bi-partite, long term	Segmented unions, low membership. Decentralised. Short term
<b>Role of the state</b>	State largely absent Market rules	Etatist traditions State interventionism	Limited state intervention, sets framework of rights, extensions	Supportive social democratic state Consults unions and employers	Limited state intervention, sets framework of rights

Based on Crouch 1993; Ebbinghaus 1998; Kohl and Platzer 2004.

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## Annex 2.

**Levels of collective bargaining in selected European countries**

	Intersectoral	Sectoral	Company
Austria		xxx	x
Belgium	xxx	xx	x
Czech Republic		x	xxx
Estonia		x	xxx
France		x	xxx
Germany		xxx	x
Greece	xx	xx	x
Hungary	x	x	xxx
Italy		xxx	x
Netherlands		xxx	x
Poland		x	xxx
Portugal		xxx	x
Slovakia	x	xx	xx
Slovenia	xx	xx	x
Spain		xxx	x
Sweden		xxx	x
UK		x	xxx

Note: The higher the number of crosses, the more important the level of bargaining  
No cross means the level is of no importance in the country.