

No 2/2002

EU ENLARGEMENT AND CONSTRUCTION

CLR News

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NOTE FROM THE EDITOR

It has been as busy year for the hard core of the CLR contributors.

We have had a couple of meetings with our EU and CEE colleagues in the frame of the *Industrial Relations* project. And just before the summer we discussed the first findings with the European Social Partners in construction (FIEC and EFBWW) and the organisations from the CEE. In the past we have promised our readers a detailed report about this project. But perhaps I should introduce the project first. Our intention was (and is) to examine whether there are any fundamentals for a system of industrial relations in construction in the CEE countries. It therefore focuses on the following aspects:

Industrial relations in the construction sector, union organisation, employers' federations, existing collective bargaining arrangements and agreements on a bipartite/tripartite basis and how they may cover up the absence of an effective social dialogue.

Macro statistical evidence, the demarcation and structure of the construction industry with special regard to the 'informal' sector, the structure of the labour market with special regard to 'self-help', seasonal, casual and black labour in the predominant trades and sectors of training/education, the institutional structure of training and education, wage income in relation to other sources of income and maintenance.

Specificity of labour conditions in the construction sector, wage differentials, grades, functions, training levels, social protection for wage earners, protection of labour in terms of health and safety provision, workers rights (labour code), co-determination, consultation and representation of employees in firm management.

I'm sorry that I have to ask you to be a little patient with us. The deadline for the finalisation of our report is the 1st of December 2002. And we have decided not to wait that long for a next issue of CLR

News. In this number 2 you will find three contributions that deal with enlargement in general and with the industrial relations in the six selected countries in particular.

First of all I have made a selection of the first provisional findings about the employer and employee organisations in the studied countries (based on the so-called Quick Scans). In the near future all the separate documents and the final report will be available.

Secondly Hans Baumann, from the Swiss GBI and member of the CLR project committee, comes up with his first conclusions after having participated in our meetings.

Thirdly I have produced a State of the Art contribution with regard to the ongoing negotiations between the EU and 12 countries that have applied for EU membership. This article was used during an international IFBWW meeting in Bratislava, dedicated to the free movement in Europe after the enlargement.

Jan Cremers, 17th September 2002.

EU ENLARGEMENT AND CONSTRUCTION

The social partners in construction in six selected CEE-countries

Some first findings, Jan Cremers, CLR.

In the spring of 2001 CLR proposed a research project to and applied for a grant from the European Commission within the framework of the programme *Industrial relations and social dialogue*. The European Commission decided to award this grant. The background to the project is the idea that an institutional frame or system of industrial relations at company and sector level must be seen as the precondition for the social dialogue. At first glance, sectoral industrial relations are underdeveloped in the EU applicant states. The question is, what is the perspective for dialogue in such a situation? Construction was chosen as a pilot as the sector plays a pivotal role in East-West relations, given its mobility, e.g. transnational contracting, groups and subsidiary networks, and the migration of workers.

The CLR-project started by the end of 2001.

A project committee was set up consisting of six country experts from the selected CEE states, the members of the management team and three additional researchers who are familiar with the institutions of the Social Dialogue in the European Union. The country experts used a questionnaire, as prepared by the project management, to draw up a "Quick Scan", a first and provisional country report. The purpose of the Quick Scan was to establish a preliminary overview of industrial relations in construction with, as key items:

- existing labour relations,
- organisations of the social partners,
- collective agreements or other joint provisions,
- tripartite and bipartite institutions.

In the meantime CLR has reported to the European Commission. Furthermore a workshop was organised the end of June 2002 with delegations of the CEE-countries and the European social partners (FIEC and EFBWW).

As the second stage has brought us a lot of new information we have decided not to disseminate the Quick Scans¹. The final report with all the separate documents for the six selected countries will come out by the end of the year 2002.

In this issue of CLR-News I have selected the paragraphs of the different country Quick Scans about the partnership in the construction sector. It has to be said that these are summaries of the first reports. This information will be completed in the final documentation.

¹ The country Quick Scans were produced for Bulgaria, Estonia, Hungary, Poland, Romania, Slovakia.
Electronic versions are available via jan@gbio.nl or the CLR-secretariat.

BULGARIA

(original document produced by Vassil Kirov, Institute of Sociology, Sofia).

A. Trade unions

In the construction sector there are two active trade union federations, the Federation of the Independent Construction Trade Unions (CITUB) and the Construction, Industry and Water Supply Federation "Podkrepa" (CL Podkrepa).

The Federation of the Independent Construction Trade Unions (CITUB).

The federation was established in March 1990. It comprises member-organisations in enterprises and, in recent years, has come to include entire trade unions, such as the trade union of the former construction army². It strives to consolidate the whole sector. In 1991 the federation counted 140,000 membership. In 1996 it fell to 43,000 and in 2001 below 10,000. The staff of the organisation is 3 persons.

The main partner of the CITUB is the Bulgarian Building and Construction Chamber (BBCC). CITUB signed the collective agreements in the industry in 1990, 1993, 1995 and 1997. The last collective agreement is still in force, with some annual revisions. A project for a new sectoral agreement is being prepared and discussed between the partners in view of being signed in the near future (*it was finalised shortly after the production of the Quick Scan, JC*). The other partner is the Bulgarian Chamber of Entrepreneurs. In the course of partnership and social dialogue, the Federation draws on the experience of the Finnish, Dutch and Danish trade unions. Since 1994 the Federation is a member of the International Federation of Building and Woodworkers, whose headquarters are in Geneva.

² The Construction Army was created at the beginning of the 20 and dismissed in the end of the 1990s. It was a part of the Bulgarian Army, involved in construction activities. Its troops were trained and used on large building sites of national importance. During the 1990s it became a quite competitive "enterprise" using free labour

The Construction, Industry and Water Supply Federation Podkrepa (CL Podkrepa).

The CL Podkrepa was created in the beginning of 1990. Its members are in the field of construction, road construction, the building materials industry (including the production of cement, gypsum, ceramics, inert materials), the water supply sphere, designing and cadastre. Its membership is about 10 000 people, with no significant changes in the number during the 1990s. The federation is managed by an Executive Council consisting of five members: a President, a Vice President and three Federation Secretaries. Previously, the staff amounted to 20 persons, but some positions of regional collaborators were abolished. Hence, in present, there are only 13 members of staff. Since 1992, the CL Podkrepa Federation has been member of IFBWW (the International Federation of Building and Woodworkers) and PSI (Public Service International). The reason is that one part of the organisations is in the building sector and the other in the water sector. The Federation is a member of the ICI (which has its headquarter in Rome), as well as of a group of Balkan building federations (18 organisations from 10 countries).

CL Podkrepa is the only trade union federation in Bulgarian industry which publishes its own newspaper. It works in partnership with the Bulgarian Red Cross for safe working conditions. It has good partnership with Dutch, German, Austrian and American unions. The union federation has created a national strike fund in order to provide support during strike activities and protests. Another project inspired by western practices is to create a special 'bad weather fund'.

B. Employers' associations

Bulgarian Building and Construction Chamber (BBCC).

The Chamber was created in 1990. The BBCC unites over 1300 firms doing business in construction, contracting and design. According to the BBCC, these firms amount to 11-12% of the firms in the sector and represent more than 75% of the building capacity of the country. The collective members of the Chamber are the Union of Design Engineers in Bulgaria, the Union of Private Builders in Bulgaria, the

City Home of Science and Techniques, the Bulgarian Association of Consulting Engineers and Architects, the Association "Bulgarian Builder", etc. The Chamber has a staff of 12-13 persons. It publishes a monthly bulletin. BBCC is member of the European Construction Industry Federation (FIEC) as well as of the International Federation of the Consulting Engineers (FIDIC).

The main tasks of the BBCC are as follows:

- to assist the development of the sector in the conditions of market economy;
- to protect its members' rights and interests;
- to promote the image of the Bulgarian contractors and construction material manufacturers.

The BBCC carries out the following main activities:

- represents employers in collective bargaining and in tri-partite co-operation in the building sector;
- participates in the elaboration of legislation related to construction business;
- certifies economy subjects for contracting in the country and abroad;
- issues references in the event of participation of its members in bids and public procurement procedures;
- organises training of construction specialists and workers;
- provides legal and economic consultations for its members;
- organises and supports national forums and exhibitions in the Building and Building industry.

Bulgarian Chamber of Entrepreneurs.

The Bulgarian Chamber of Entrepreneurs is a newly established organisation that is still not involved in the social dialogue.

ESTONIA

(original document produced by Jan Cremers, CLR)

A. Trade unions.

Trade unions in Estonia are organised along the sector principle. This means that most unions represent an entire sector. Union membership has constantly declined. The first years after independence people associated trade unionism with the old communist regime. Figures indicate that less than 20% of all workers are unionised. The situation in construction is even worse. At the moment there is no autonomous trade union left for construction.

The Estonian Building Workers Trade Union was established in March 1990. This union included 62 different member organisations (all have disappeared). When Estonia regained its independence after 1990 the Building Workers Trade Union continued to be led by the same chairman from Soviet times. All members were lost in 10 years time and the union collapsed. The only trade union structure for construction that is left after this collapse of the former construction union is a construction section inside the Forestry Workers Union. In 2000 a new chairman for this section with innovative ideas how to make the construction sector stronger was elected. This marked the beginning of a new time in this sector.

Table 1: Trade union membership

Construction sector	1995	1996	1997	1998	1999	2000	2001
Members	2150	1950	1050	1050	1000	140	400

As can be seen in Table 1, at the new start there were 140 members. Today this figure has grown to 400 members joining in last year and 10 company groups. This brings the membership rate between 1% and 2%. New structures are planned. Probably the Forestry Union will change into an Industrial Trade Union. The Estonian Forest Industry Trade Union is a member of the Estonian Association of Trade Unions

and has 2 representatives in the central management board. In the Nordic region the construction representatives have good contacts and co-operation with the other Baltic States and with the Finnish Construction Trade Union.

B. Employers' associations.

The most important central organisation of employers is the Estonian Confederation of Employers and Industry (ETTK), with 32 branch organisations affiliated.

In the construction sector, there is the Estonian Association of Construction Entrepreneurs (EEEL). EEEL is not affiliated to FIEC. On the employer's side the membership figure is also low. Next to this organisation several associations of entrepreneurs or sub sectors are active as for instance: the Estonian Housing Foundation, EhitusTEST, the Estonian Union of Co-operative Housing Associations, the Association of Construction Material Producers of Estonia, the Association of Architectural and Consulting Engineering Companies of Estonia, the Association of Civil Engineers of Estonia, the Association of Architects of Estonia and the Association of Heating and Ventilation Engineers of Estonia.

Employers' organisations participate in several working groups of the different ministries and have via these channels easy access to information and contact persons. Individual business leaders often have good contacts with leading politicians and as a consequence rather easy access. The contacts between both sides of the industry are weak. In this respect it is remarkable that the list of main tasks as provided by the employers' organisation comprises lobby work, information work, legislation issues, training and qualification, no bargaining. In a few companies however the management has sought for more modern labour relations, as is for instance the case in some enterprises owned by foreign (Nordic) companies.

HUNGARY

(original document by András Toth/László Naumann, Institute of Political Sciences, Budapest)

A. Trade unions

Unions, in general, went through a major decentralisation and decomposition process during the 1990s. Currently, there are two major trade union associations (federations) in the industry. These associations were set up in the early 1990s and their organisational structure reflects the fashion of decentralisation after the transition. Both associations are loose umbrella organisations of workplace level unions and even individual membership is allowed. The company unions have their own legal identity and assets and they pursue autonomous policies on behalf of their members. The national associations only receive a very small fraction of membership dues and their financial survival practically rests on renting trade union facilities. The national associations have a very small staff that is hardly sufficient to provide guidance, expertise and services for the member organisations. Consequently, trade union associations have little influence on the policy of the company organisations.

Workplace union organisations can only be found in those major companies of the industry that are the successor organisations of the former state owned companies. Thus all these workplace unions underwent a major crisis and reorganisation during the 1990s due to the crisis in these companies. Most of them became a rather small union at the given company, representing only one-third of employees on the average. On the other hand, unions were practically unable to organise workers in the emerging small and medium sized enterprise sector and at the green-field sites of foreign investors.

The biggest union federation in the construction industry is the ÉFÉDOSZSZ belonging to the biggest confederation, MSZOSZ (*Magyar Szakszervezetek Országos Szövetsége* – National Confederation of Hungarian Trade Unions). ÉFÉDOSZSZ is the heir organisation of the former communist Construction Workers Unions, which once had 400 000 members. It consists of nine sub-industrial or territorial union associations. Each of the nine associations is independent, with its own legal identity and assets, and conducts an autonomous policy.

ÉFÉDOSZSZ lost the vast majority of its members in the last decade and now has less than 13.000, representing about 11% of the 117.000 employees in the whole industry. However, union density in the industry is still continuing to decline. Obviously, the loss of membership has also weakened the financial base of ÉFÉDOSZSZ and it is considering an amalgamation with the Metalworkers' Federation, Vasas. The suggested mega-union would come about through the amalgamation of four industrial unions, all belonging to MSZOSZ (Vasas, ÉFÉDOSZSZ, Bányász and Vegyész trade unions). These union federations set up a co-ordination committee in October 2000. The amalgamation process, however, has suffered a slowdown, as the co-ordination committee was only able to identify a few issues for co-operation, for instance in training projects. The reason for this meagre result was that the Miners' and the Chemical Workers' unions did not want to amalgamate. Thus, a more serious negotiation process only began between Vasas and ÉFÉDOSZSZ. The Executive Council (Tagszakszervezet vezetői értekezlet) of ÉFÉDOSZSZ gave a mandate to the union executives to initiate negotiations with Vasas in April 2001. To date, however, these negotiations have not lead to any considerable development. According to Vasas, the major reason was the resistance of the top executives of ÉFÉDOSZSZ, while there has been palpable support for such an amalgamation among the rank and file of both unions.

The other national construction union association is the *Építőipari és Társult Szakszervezetek Országos Szövetsége* (National Association of Construction Workers' Unions and Other Affiliated Unions, abbreviation ÉTVOSZ). This association currently belongs to the *Munkástanácsok Országos Szövetsége* (National Federation of Workers' Councils, abbreviation MOSZ). ÉTVOSZ originally belonged to another confederation, the *Független Szakszervezetek Ligája* (League of Free Trade Unions, abbreviation LIGA). Initially it was set up as the LIGA-Association of Construction Workers' Unions in 1992 and at that time embraced five company union sections and 4 000-5 000 members. Some smaller unions also joined the LIGA-Association of Construction Workers' Unions due to the factional in-fights within LIGA, so that it became a sort of 'general union'. In 1999 the association left LIGA and joined MOSZ and changed its name to ÉTVOSZ. Currently this 5000-6000 member union association has only about 1500-2000 members from the construction industry. Negotiations are taking place to bring about the amalgamation with ÉTVOSZ of a handful of construction unions that belong directly to MOSZ and represent another few hundred construction employees.

In the early 1990s rivalry between the two associations for members and for the re-distribution of the trade union assets of the communist union organisation (SZOT) consumed much of the energy of union headquarters and directed attention away from workplace level problems. Nowadays the relationship between the two associations has been normalised.

B. Employers' associations.

The quasi-employers' organisations of Hungary's socialist past followed a regional rather than a sectoral structure or were much more professional organisations than distinct interest groups representing employers' interests. The biggest employer organisation, the *National Federation of Hungarian Contractors* (ÉVOSZ), was founded in October 1989. At present it has approximately 500 member

organisations. Alongside the most prestigious Hungarian building contractors, numerous small- and medium-sized enterprises also became members of ÉVOSZ. The attractiveness of ÉVOSZ is partly attributable to the fact that the organisation has been involved in the decision-making process on the issuing of licences for contracting abroad and posting workers. This basically means the distribution of the country quotas for foreign workers, mainly based on the bilateral agreements, especially between the German and Hungarian governments. ÉVOSZ has been a member of FIEC since 1993 and has been active in the European arena, with close relationships with employer organisations in Germany, France and Switzerland.

The tasks of ÉVOSZ are:

- representing the interests of Hungarian building contractors at national and international level;
- fostering the development of professional ties and exchange of information between member organisations as well as between Hungarian and international organisations;
- establishing detailed professional judgements on acts and decrees related to the construction industry;
- preparing the members for joining the European Union;
- promoting the technical and professional development of the construction industry.

Other services rendered by ÉVOSZ are:

- providing information on a regular basis to member organisations concerning current issues related to the construction industry;
- organising professional presentations, consultations and exhibitions;
- promoting the development of mutual professional contacts between partners at national and international level;
- supporting vocational training and professional advanced training courses in the construction industry, organising international exchange programmes and postgraduate training courses for professionals;
- representing the interests of members in the case of professional and ethical issues;

- fostering the development of small- and medium-sized enterprises (quality insurance system in compliance with the norm ISO 9000, offering special conditions for purchasing construction materials).

Although ÉVOSZ has a special section devoted to SMEs, it mainly represents the relatively big players in the industry; even the by-laws of the sections sometimes define minimum thresholds for membership. For instance, in the “aluminium doors and windows” section the members have to employ at least 30 people or their turnover exceed 300 million HUF³ annually.

The other employer organisation in the industry, the Construction Section of the IPOSZ (Ipartestületek Országos Szövetsége, *National Federation of Craftsmen Boards*), represents micro-businesses, mainly self-employed people. The section primarily involves the activity of a couple of officers and experts in the national headquarters, though in major localities the local boards have specialised sub-sections devoted to the trades in the construction industry and repair services. According to estimates, in the local organisations there are 17-18 000 members dealing with the construction trades. Compared with the number of valid licences issued, about 10-15% of self-employed are members of the IPOSZ.

³ At the current exchange rate 252 HUFs equal to 1 € (Euro).

POLAND

(original document Jan Cremers, CLR)

A. Trade unions

According to the Polish legislation, a trade union is a free and autonomous organisation of workers, founded to represent and defend the interests of its members. A union acts independently from the employer, the state or political parties. The basic territory is the company. Company unions have the right to build up national associations (Industry Federations or national unions). These national unions can affiliate to national confederations (umbrella organisations across the whole economy). As it is relatively easy to start a union the union landscape is enormous (1998: 273 national unions, almost 2400 company or local unions).

There are two representative national unions active in construction:

ZZ Budowlani Construction Trade Union is part of OPZZ, the reformed central organisation that was already there before the transition period, and calls itself ideologically neutral. Budowlani is active at company level, at regional and national level. The union has a clearly industry oriented approach and profile with activities in construction and allied trades. Membership is estimated at 40.000. Mergers with other OPZZ-unions are discussed. Budowlani has, as been said, a sectoral profile and is participating in a European network of (mainly paritarian) organisations for vocational training in construction.

Solidarnosc reactivated in 1989, never had a strong sector oriented structure. The emphasis was on local and regional structures. At the beginning of the nineties branch secretariats were established at central level, but without any consequences for the other more dominant structures of trade union activity. Nowadays, Solidarnosc works with Branch Units inside the central organisation.

Both organisations are affiliated to the International Federation of Building and Woodworkers and have participated in the European Round Tables organised by the European Federation of Building and Woodworkers. For both unions, it can be said that the main emphasis is on local union and enterprise activity. The Polish situation is dominated by a structure of company unions. A minimum of ten members is enough to establish a union at company or enterprise level. These union organisations at company level have the following rights:

- Collective bargaining at company level
- To defend the interests of individual workers
- To defend the interests of the workers as a whole
- Control of compliance with labour law and health and safety rules
- Labour inspection issues
- To look after pensioners provisions.

The system of company unions functioned in large companies and first and for all in those companies that had established collective agreements (and in those companies where the state was still partly the owner). As privatisation went on, the system of company unions weakened and the lack of overall co-ordination at sectoral level made it impossible to counterbalance this development.

There are no overall membership figures available. The membership rate in construction as a whole is estimated at 8% of the total workforce. Company unions are active in around 20% of the companies.

B. Employers' associations

The right to represent employer's interests is in Poland established through legislation. The Labour Code defines an employer as the organisational unit, whether a juridical or a natural person, that employs workers.

In Poland there are around one thousand organisations that represent the socio-economic interests of employers. These organisations can be subdivided into two categories: employer organisations on the one

hand, and entrepreneur organisations on the other. Employer organisations operate on the basis of the Labour Code, which gives them specific rights and a wide scope for action at political level, whereas entrepreneur organisations are no more than simple associations. At the moment, there are two national confederations that bring together virtually all employer organisations. Together, they cover around 100 organisations. Among the affiliates of these two national confederations are around thirty regional organisations and forty sectoral organisations.

Employer organisations in Poland are weak in terms of the number of member companies. In 1997 they brought together scarcely 40% of state-owned or state-controlled companies and included only few private businesses. Private company leaders are not very keen on affiliation and the financial resources are very limited. Mandates are often lacking.

The biggest national umbrella organisation is the *Confederation of Polish Employers (KPP)* founded in 1989. The Confederation has affiliates in the regions and the branches and functions as a very loose platform for the employer's side. Main activity is the participation in the state dominated tripartite bodies.

The second umbrella organisation, the *Polish Confederation of Private Employers*, is an employer organisation that brings together the CEO's and owners of powerful companies or private firms. The Polish Confederation of Private Employers was registered in January 1999 as a confederation comprising around ten sectoral and regional employer organisations, most of them formed in the second half of 1998. The foundation was justified with two major arguments. First, it was argued that private businesses were insufficiently represented by the existing employer organisations as these were dominated by state-owned undertakings or undertakings still state-controlled. Second, it was considered that the Polish economy in the present stage of its transformation rendered it necessary to create a confederation at national level, which exclusively represents the interests of private enterprises.

A third organisation, the *Union of Polish Handicrafts*, although not officially recognised as an employer's organisation, plays a certain role because it has solid internal structures.

The construction section of the Confederation of Polish Employers has 300 companies as affiliates, the construction section of the Polish Confederation of Private Employers some 150 companies.

Collective bargaining rights are mainly in the hands of individual employers. In some sectors, notably in sectors where the Labour Ministry has defined the demarcation of a sector, branch organisations exist and act above the company level. So far the employers in construction have no sector organisation that is strong enough to act at sectoral level. Several institutional types of organisations of entrepreneurs exist but they do not act as partners for trade unions. If there is an arrangement signed by a business organization the compliance by the others is not guaranteed.

Although it is not possible to identify the employer's organisations in construction in a transparent way, two organisations are associated to the European Construction Industry Federation (FIEC). The first organisation is UNI-BUD and the second one KZPB. KZPB is affiliated to the Polish Confederation of Private Employers.

ROMANIA

(original document by Valentina Vasile, Romanian Academy of Science)

A. Trade unions

The unions are set up at enterprise and sector level. Some of these have split off from the old central organisation UGSR while others have come into being as completely new entities. Different than in other sectors, trade union density in construction is higher in the private sector than in the public sector.

In Romania, the organisation, functioning and attributes of trade unions are stipulated by the Constitution that warrants the freedom of association, by the Labour Code and by the Law on Trade Union (Law 54/1991). According to legal regulations, trade unions in Romania (a) enjoy freedom of association and, respectively, pluralism; (b) they have a professional nature; (c) they have a legal personality and carry out their activities according to their own statutes; and, (d) they defend the professional, economic, social and cultural rights and interests of the employees. Trade unions have the right to set up their own structure at enterprise, sector, professional or territorial levels (Art. 21). This allows a trade union federation to set up two or more trade unions in the same sector or profession (Art. 42). The trade unions belonging to a federation are allowed to form territorial establishments (Art. 42).

In the construction sector, there are three representative trade union federations, which negotiate collective agreements at sectoral level, as follows:

- *The Federation of the Unions in Construction and Construction Materials Familia Construct;*
- *The National Federation of the Construction and Erection Trade Unions “Anghel Saligny”;*
- *The Federation of the Railway and Road Builders in Romania.*

The largest and strongest federation is the *Familia Construct*, which includes unions belonging mainly to private companies from the construction or from the industry of construction materials covering

14% of the labour employed in these sectors. Trade union density in enterprises affiliated to this federation is about 65%. The Familia Construct federation is affiliated to the national confederation the National Union Block and a member of the International Federation of Building and Woodworkers. Its delegates take part in bargaining and consulting at national level, in bodies such as the Economic and Social Council and in the Commission of Indexation.

The National Federation of the Construction and Erection Trade Unions “Anghel Saligny” was set up in 1990. Trade unions of 85 construction and erection companies, including 50.000 employees, of which 40.000 trade union members are affiliated to ‘Anghel Saligny’. Over 98% of the paying members are employees of private companies, while 2% work in state-owned companies. Most companies are SMEs, but large firms with 250-300 employees hold the highest share of trade union members. ‘Anghel Saligny’ Federation is affiliated to the Free Trade Unions National Confederation in Romania “Fratia” (CNSLR-Fratia) since 1996 and it has representatives in the Executive Committee, the Executive Council, and the Commission of Control and the National Council of Education of CNSLR-Fratia. Its relations with CNSLR-Fratia are co-operative ones. Through the CNSLR-Fratia Confederation it is internationally affiliated to the International Confederation of Free Trade Unions and the European Confederation of Trade Unions. The federation is seeking affiliation to the International Federation of Building and Woodworkers (IFBWW).

The Federation of the Railway and Road Builders has a federative, non-political structure that protects the social and professional rights of their members. It is not nationally or internationally affiliated. It has about 145.000 members, of which 55.000 contributors and 90.000 supporters. The trade unions affiliated to this federation are represented in about 30% of the sector’s establishments.

All three federations are founding members of the Social House of the Construction Workers and of the Social Dialogue Commission of the sector, organised as a tripartite system. The activity of the federations focussed on the following fields:

- labour legislation, social and professional issues;
- economic, patrimony, cultural and tourism issues;
- education, professional training and trade union education.

The financial resources of the unions come from different sources. The main source is membership dues (usually 1% of the wage). According to their statutes, 80% of the dues remain with the basic union organisation, while the rest of it goes to the federations and confederations. Respondents indicated that there are difficulties in collecting, as well as in transferring a share of the dues to the federations and confederations. Another financial resource at local level comes from commercial activities. In addition, trade unions receive donations and sponsorships, and they have foreign assistance via international programmes for certain targets, such as union management and vocational training.

It is usually considered that the financial resources available for the unions or/and union federations are insufficient to support some necessary but costly actions, publications, their own periodicals, (re-) training courses, publishing houses etc.

B. Employers' associations

Within the construction sector, the most important employers' association, representative at sector level and signatory to the collective agreement, is the *Romanian Association of the Contractors in Construction* – ARACO. It was constituted in November 1990 as professional employers association, representing the economic and technical interests of the associated enterprises. It promotes the legality and professional ethics in the economic activity and the standards of loyal competition between the associate members. ARACO supports its members providing commercial, fiscal, management, technical and legal assistance and promoting export activities for the companies. It takes part to the bipartite and tripartite dialogue, participating in the elaboration of decisions and of normative acts related to the activity of the economic agents from the

construction sector and from the industry of construction materials. It also takes in collective bargaining at national and sector levels.

ARACO is member of the European Construction Industry Federation (FIEC) and directly participates to the elaboration of the European Directives concerning investment, construction statistics, the free movement of labour, labour legislation, environmental protection, and relations between contractors and sub-contractors.

In 2000, ARACO comprised 629 active members of which 300 were operating in housing and social/cultural constructions and 87 in industrial, nuclear and energetic construction. 80 companies were active in railways, bridges, tunnels and roads construction, 71 in installation and insulation, 40 in construction mechanisation and equipment production, 37 in research, design and consulting, and 14 in non-ferrous metallic construction, plastic material and prefabricated parts.

Generally, financial resources of the employers' organisations come from adhesion/affiliation fees; quotas of the affiliated members; contributions to special funds for collective bargaining and others specific activities; donations and sponsorships; other incomes according to legal stipulations and statutes regulations. Some of other incomes could be bank interests rate, participation fees to different promotional actions of the organisations; and funds provided by the international assistance programs.

SLOVAKIA

(original document by Ludovit Cziria, Research Institute of Labour, Social Affairs and Family, Bratislava)

A. Trade unions

The new political and economic climate after 1989 made it possible to break the narrow link between trade unions (TU) and the leading political power in the country. The free elections gave power to new union officials supporting the process of fundamental change in society. After the dissolution of the Revolutionary Trade Union Movement (ROH) in March 1990 there was the new Trade Union Confederation established which was based on full acceptance of the ILO principles. Within this process new sectoral and company trade unions, including the trade unions in construction, were established in Slovakia. The formation of new trade union structures was already accomplished in the former Federal State of Czechoslovakia. The creation of the confederation structure made it possible for the structures of the national Confederations to remain principally unchanged, even after the split of the Slovak and the Czech Republic in January 1, 1993.

The trade union organisations in construction are at the sectoral level affiliated to and associated in the *Trade Union Association of Construction Workers*. This national union is member of the Trade Union Confederation of the Slovak Republic, the most relevant national organisation representing the employees in the country.

The construction workers union has around 30.000 members and belongs to the medium size unions (the biggest TU KOVO has approx. 100 000 members). Considering the total employment in construction (approx. 125-130.000) the membership rate is about 23-25%, being lower than the average membership in Slovakia (about 30 per cent). Membership is not equally distributed at the company level. Practically all companies in construction are in private hands and membership differs according to the origin and the size of the companies.

Apart from their basic function in collective bargaining, unions provide services like free advisory legal assistance, free proxy at the court in labour-legal matters, aid in retraining, use of trade union recreation facilities and provision of information and education for union officials.

B. Employers' associations

Construction companies were newly created after 1989 in two main ways:

- By transformation and privatisation of the previously state owned construction companies (still rather big companies) and
- By establishing new companies by private entrepreneurs running their own businesses (mostly small companies).

New employers in construction were organised (in contrary to the sectoral TU) in several employers associations. At the moment there are two main employers associations in construction.

The Association of Construction Entrepreneurs of Slovakia (ACE)

Founded in 1990, it comprises 400 large, medium size and also small companies producing materials and components for construction, providing construction works, research, development and design activities. The member organisations represent about 70% of the capacity available in construction. There are professional committees established for social, legal, technical and foreign business issues. Specialised sections of the ACE deal with industry wide issues for construction works, construction materials, research and engineering, small and medium size companies, transport and mechanisation of construction works. There are also regional offices established in six of the eight county sites. The ACE is a regular member of the FIEC and concluded several bilateral agreements with foreign entrepreneurs associations.

The Association of Private Construction Entrepreneurs of Slovakia (APCE)

The APCE was established in 1993 (with support from the American Agency for International Development - US AID/PADCO) on a professional base aiming to represent the interests of private companies. It has regional offices established in three county sites. Its members are small private construction companies as well as individual self-employed. The scope of its activities is widespread and similar to the activities of the ACE. The main role of the APCE is to support the creation of a suitable economic and legal framework for private business in construction, supporting the export of construction production including construction work abroad.

Apart from these associations there is the Employers' Associations of Secondary Vocational Schools and Apprentice Schools. This association was established in 1993 to organise the employers of these schools, founded by the Ministry of Economy. The Association participates in the work of the expert group of the State Institute of Vocational Education.

All three employers' associations are members of the Federation of the Employers Association of the Slovak Republic representing most employers at the top level in the country.

EU Expansion as a Step towards the “Americanisation” of Labour Relations?

Hans Baumann – Original Article published in the Swiss quarterly “Widerspruch” N° 43, 2002

Alongside a relatively high standard of social security, the West European Social model also provides a high degree of regulation of working conditions and an intensive social dialogue at different levels, whether it be in the form of codetermination at plant level, collective provisions or within national, tripartite structures. During the 1990s, this model was called increasingly into question. The entry of the Central and East European countries into the EU throws up a new challenge: besides the danger of further deregulation of the labour market, labour relations in the accession countries have different traditions and structures and could encourage the Americanisation of industrial relations in Europe.

Erosion of the European Social Model

Since the fall of the Wall and with the advent of the neoliberal offensive during the 1990s, the (West) European social model came increasingly under pressure. This was manifested not only in the “pressure to reform” experienced by the different models of social security. Also called into question were the collective labour relations and, above all, the national sectoral collective agreements which had evolved over the course of history in most countries between strong partners capable of fighting their case and joint industry institutions. This trend was principally fuelled by the process of individualisation and flexibilisation of working conditions, the accompanying downward shift in the level of bargaining powers to the plant level and the global orientation of the larger companies. In this sense, a certain degree of “Americanisation” or “Anglicanisation” of industrial relations has already occurred, that is the deregulation introduced during the Regan/Thatcher era in the USA and UK, and which ultimately has led, inter alia, to a weakening of the trade union movement in these countries. An additional development in Western Europe was the growing corporatist pressure at national level as so-

called Labour Alliances were formed which promoted wage restraint in favour of competitiveness.

As well as the national structures which have evolved during the course of history, over the past 15 years the EU has created instruments for social dialogue at different levels, at plant level for example via the Directive on the establishment of European Works Councils. The EU has, furthermore, ever more frequently sought to intervene at national level by means of minimum provisions, more recently for example, via a directive which also lays down minimum rights of worker codetermination in the plant in individual countries. In establishing such EU-wide minimum provisions, the aim is to counter the deregulatory trends of the single market and globalisation, and thereby to strengthen the model of European labour relations. However, this “social dimension” created by the EU is still stuck in the starting blocks as the social policy powers of the Union are limited and neither the trade unions nor the employers were really willing and able to forge strong collective relations at European level.

The EU enlargement project could step up the pressure on the west European social model. Already from 2004, the first of the ten Central and East European countries (CEEC) are scheduled to accede to the EU. They are to be joined by the Mediterranean countries, Cyprus, Malta and Turkey.

The per capita gross domestic product in purchasing power parities in the poorest country (Bulgaria) amounts to just 22% of the EU average, in the most densely-populated country (Poland) only 37%, while in the most prosperous CEEC country (Slovenia) this figure, at 71%, roughly matches the level in the poorest EU country (Greece). Whilst the figures across individual regions show very wide variations, wages in these countries are only 42% of EU average earnings (Husemann 2002). The economic conditions in most of the countries are by no means rosy and, if anything, between 1989 and 2000 there was a deterioration rather than an improvement in conditions of employment and pay: as an example we only have to look at Slovakia where, while it is true that wages rose in real terms during 2001 for the first time in

years, the purchasing power of wages still falls below the level in 1989 (CLR 2002).

Unilateral EU Accession Criteria

Owing to these considerable differences, the EU has laid down evaluation criteria which the accession countries must meet in order to be admitted. As well as fulfilling the “*acquis communautaire*”, that is to say current EU legislation, these criteria also encompass economic and political stability as well as competitiveness provisions. In order to promote their fulfilment, assistance programmes have been introduced. One section of the list of criteria is concerned with social policy and employment, and another with the free movement of people (Commission 2001). This last point in particular has fuelled wide-ranging debate within the trade unions of Western Europe on the issues of wage and social dumping, and in the end under pressure from Germany and Austria also led to a compromise being reached with transition periods of up to 7 years regarding the free movement of people.

With a view to raising living standards, bringing income levels more closely into line with West European standards and avoiding growing inequalities and exclusions in the accession countries, it is necessary to have stable labour relations, and this objective should also be supported with also all possible means by the EU. The somewhat one-sided fixation on the free movement of people may have contributed to the EU Commission taking labour relations into account in the chapter on social policy and employment, but evidently assigns little significance to this point. What is more, the difficulty here is also that the “*acquis communautaire*” can be fulfilled officially, i.e. for example with respect to collective labour law. But this does not ensure by any means that relations based on collective agreements actually operate successfully in practice or that a social dialogue can develop.

A particular problem has emerged in the accession countries concerning the sectoral level. This is precisely the level at which the

most stable form of labour relations exists in most West European countries, a high density of agreed provisions exist (national collective agreement) and the trade unions are strong. Added to this is the decline in the unionisation rate since the fall of the Wall, which has hampered the development of stable labour relations. Part of this decline has been countered by the fact that the trade unions in the CEEC countries are strongly anchored in the larger companies on the basis of the structures which evolved pre-1989. Working conditions are therefore overwhelmingly governed by plant-level agreements, whereas sectoral collective agreements are only of significance in effect in two countries (Slovenia and Slovakia).

Case Study : the Construction Industry

A team drawn from the CLR (Construction Labour Research), an association of researchers, which is primarily concerned with construction labour issues, is currently investigating labour relations in the construction sector of the 6 accession countries: Poland, Slovakia, Hungary, Romania, Bulgaria and Estonia. With this project, financed by the EU, the aim is to focus on a specific sector, making it possible to consider the real situation of labour relations and not only to be guided by formal criteria.

Apart from its major economic importance for the whole of Europe (the share of gross domestic product is in the region of 10%), the construction industry exhibits a number of special features, which call for more in-depth consideration. A high degree of dependency on the economic situation, seasonal fluctuations and accompanying instability affect the labour market above all: construction workers are traditionally very mobile, which is reflected in higher levels of emigration. Added to this is the high proportion of insecure and unstable employment relationships. Particularly noteworthy here are such forms as seasonal work, fixed-term employment contracts, “pseudo” self-employment and the various forms of illegal work. To some extent trends first become apparent in the construction industry labour market or which have spread or may in future spread to other industries as well. This is true generally of all countries in Europe, but more so in the CEEC countries, which in the 1990’s were

additionally confronted with a decline in construction activity and substantial job losses. Another factor is the large proportion of small plants, a phenomenon which has quickly expanded also in the CEEC countries as a result of privatisation. Small and medium-sized plants make up 90% of all establishments and employ more than half the work force, and in most countries significantly more than half. On this point, the construction sector exhibits similar features to a large proportion of the rest of industry, i.e. most other domestic, small business sectors (e.g. retail trade or hotel and catering).

Concerning the weakness of sectoral labour relations, the preliminary results of the CLR project only partly confirm the general findings made by other authors.

The erosion of trade union membership does, it is true, appear to have been more marked in the construction trade unions than in other sectors. Whilst the unionisation rate in the economy as a whole of the CEEC countries reviewed does not lie far below the West European average, the rate in the construction sector, excluding Slovakia is rather lower and the trade union movement is highly fragmented. The trade union in Estonia is now virtually non-existent, and efforts are now being made to rebuild the organisation. On the employer's front, the situation varies widely from one country to another. Whereas in Slovakia and Estonia representative and relatively strong employer's organisations exist, the situation in other countries is more difficult.

The construction sector in half the 6 countries reviewed, namely Slovakia, Romania and Bulgaria, still have a sectoral collective agreement. The quality of these collective agreements, is, however, highly variable. This is not only apparent in the differing degree of coverage, which can be very extensive as in Bulgaria. In that country the signatory employer's organisation only represents a minority of the companies, and it is not currently possible for a public authority to declare this agreement to be generally binding.

Another important factor is whether minimum wages effectively influence actual wage formation or whether negotiated wage rates are only a minimum safeguard against very low wages. The latter is the

general rule in the CEEC countries as the trade unions at sectoral level are too weak significantly to influence the general level of wages negotiated by agreement. Another problem is observance and supervision of the collective agreements. Supervisory and implementing mechanisms are only present in the agreements or labour legislation to a partial extent.

Trade union organisation rate and coverage by collective agreements in comparison with selected West European countries.

Selected countries	Unionisation rate *		Coverage of collective agreements*	
	Whole economy	Construction industry	Whole economy	Construction Industry
Bulgaria	50	20		<20
Estonia	15	1	14	<5
Hungary	30	11	40	<10
Poland	20	20	30	<20
Romania		20		25
Slovakia	35	27	45	75
Austria	45	50	90	about 100
Italy	38	60	90	90
France	10	<10	85	about 100
Germany	30	35	74	about 100
UK	30	10	40	<30
Sweden	80	95	80	about 100
Netherlands	28	60	70	about 100
Switzerland	27	60	48	about 100

*in % of registered employees, the figures relate to the years 1997-2000

Sources:

Construction Labour Research CLR (2002)

Ladò, Mária (2002)

Baumann, Laux, Schnepf (1998)

Own calculations or estimates

The significance of the collective agreements must also be viewed in the context of the high proportion of self-employed workers and the widespread black economy. In Hungary, for example, during 2000 almost as many illegal, mostly small, firms operating as sub-contractors were registered as legal construction firms. Experts estimate that 50-60% of new homes are built in the informal sector (CLR 2002), where regulation is virtually non-existent.

The situation in Poland and Hungary is typical of many CEEC countries. Labour relations at sectoral level are virtually non-existent. In medium and large-scale plants there are strong trade union

structures to some extent and collective agreements are also concluded at this level. But also in the countries with sectoral agreements, the plant level plays a key role: in Slovakia for example, some two thirds of workers in the construction industry are additionally subject to a plant-level collective agreement which supplements the sectoral agreement and on some aspects provides a high degree of protection (CLR 2002).

The shop stewards in the plant also have a strong role in the trade unions. Normally, trade union dues are deducted and administered in the plant. Only a small proportion is passed on to the Construction Union. The worker representation body in the plant, which has been taken over from the former State-run companies, is traditionally the sole responsibility of the trade union body in the plant. In larger undertakings, central union officers are brought in to conduct bargaining on collective agreements.

For the work of the European Works Councils and network of trade union contacts in multi-national companies, this organisational structure is favourable and facilitates cooperation. In connection with EU accession, however, a debate is now taking place on whether or not this system of worker representation, which is commonplace in all sectors, should be replaced or supplemented by a dual system with a “neutral” works council, as is the norm in many West European countries. In some cases, labour laws have already been revised along these lines. The trade unions in the accession countries are afraid that this could lead to a weakening of their organisational clout in the plant, without a simultaneous increase in the status and powers of the sectoral level. In the Czech Republic and Slovakia, a work’s council should only be permitted in plants where no trade union body already exists.

Longer Transition Periods will not fill any Shortcomings

Strong worker representation bodies at plant level principally exist in larger companies. Consequently, in the construction sector with its high proportion of small firms, the trade union worker representation body simply cannot be operated solely via the plant but instead only

via a stronger sectoral structure. The one-sided reliance on the organisational powers of the plant also carries the danger that the divide existing within the industry between an efficient, relatively well protected and regulated sector and a large archaic sector in which the majority of workers are in insecure or illegal employment relationships, will be exacerbated. This finding is certainly not confined to the construction industry.

So, are the accession countries the Trojan Horse which will lead to Americanisation of European labour relations (MEARDI 2002) and weakening of the trade unions? For the construction industry matters are not so simple. The strong foothold of the trade unions in the plants is certainly to be regarded as positive and binding these structures into the European and International trade union work will strengthen the position of workers, particularly in large companies. In the European Works Councils, for example, all workers can benefit if these bodies are strengthened by delegations from establishments in the CEEC countries and thereby enabling more intensive exchange of information and enhanced cooperation between all the European establishments of a group.

However, in the sectors focusing on the domestic market, the weak position or total absence of sectoral agreements constitutes a problem: in the construction sector a large proportion, and in the overwhelming number of the accession countries even a majority of the workers have barely any protection beyond that provided by labour laws (and sometimes not even that). But to draw the conclusion from this situation that the opening up of these labour markets towards the West should be postponed into a more distant future until the social partners and the authorities have “done their homework” and improved regulations on employment contracts to bring them up to this level, would be wrong. Positive changes will not be “handed out willy-nilly” in the coming years, not even by social-democratic governments, that will only be made possible if trade unions in the East and West act together to achieve this aim. In the end, better minimum standards must be implemented in the EU for the social dialogue and collective agreement rights, which are in any case overdue. We are thinking here, for example, of the European

Parliament proposal concerning the obligation of compliance to be included in the revision of the procurement directive, i.e. compliance with collective agreements to be included in public contracts. More important, however, is trade union cooperation between West European countries and the accession countries, whether this be in policy on collective agreements, whereby the CEEC countries must be included with immediate effect in the efforts to formulate a “European bargaining policy”, or whether this be in implementing social and labour rights on international construction sites or in the debate on internal union structures and opportunities for mobilisation at national and supranational level. This is the strategy with the greatest chance of success against the dismantling of the European social model.

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EU-enlargement; state of the negotiations.

With regard to the consequences for the construction, wood and forestry sectors.

Jan Cremers, Bratislava, 3 October 2002.

1. Introduction.

The EU is at the moment negotiating with 12 countries. A first group of countries includes the three Baltic states, Poland, Hungary, Czech Republic and Slovenia, followed by Slovakia, Cyprus, Malta, Bulgaria and finally Romania. With Turkey the negotiations haven't started yet. In the meantime the negotiations have taken a different timing and pace for every country.

The negotiations are subdivided in 30 chapters.

The latest overview, produced by the European Commission in September 2002, shows that with 11 countries all 30 chapters are opened. With Romania 27 chapters are opened (not yet opened: agriculture, free movement of services, financial and budgetary provisions).

In general negotiations started with a few 'soft' items (statistics, science and research and so on) from 1998 on, then immediately followed by economic and monetary issues (company law, competition, industrial policy, economic and monetary union, free movement of goods, services and capital). As a result of pressure by the European trade union movement the chapter social policy came relatively early on the agenda (from the end of 1999 on).

On the average 25 chapters are provisionally finalised, with in the forefront Cyprus, Estonia, Slovenia, Lithuania (28 chapters closed), followed by Latvia and Slovakia (27). With Romania 13 chapters are finalised.

What is furthermore important is that the agricultural chapter and the chapter on financial and budgetary provisions are still open in all cases. Finally the important chapter of competition could not be finalised with seven countries (including Poland, Hungary, Slovakia and Czech Republic).

Several parts of the EU legislation (the “acquis communautaire”) have to be applied from (at the latest) the day of accession; in other chapters (for instance with regard to the free movement of workers or the health and safety) transitional measures or periods are tolerated.

2. General items; internal market principles.

Free movement of goods.

The guiding principle in the EU is that if a product can be legally sold on the market of one country in the EU, then it can be sold in all the countries of the union. The European Commission has worked in this field with the development of technical standards and with product certification. For the construction sector this principle has led in the past to certain problems, for instance with products containing asbestos, where some countries had already a complete ban on the use of asbestos. The policy to close the national market of the countries for these products was under threat. Another example is the question of the heavy loads, whilst it is forbidden or regulated to work with certain construction materials (cement, heavy bricks) in one country, it is not possible to completely close the market for these products as long as it is not forbidden or regulated for the whole EU.

Freedom to provide services.

This principle was at the beginning mainly meant for the banking, insurance and other financial services. The idea was to come to a harmonisation of the authorisation conditions and of the licences to provide services. In recent history we have seen an abuse of this chapter of the internal market programme in this respect that “creative” contractors in construction (and cleaning) went with their workers over the border to provide construction services. This was a method to bypass the compliance with the posting directive or with national agreements and legislation in the country where the work was done. We have even seen some cases for the European Court where this abuse was discussed. The risk is still there in the daily cross border work, in neighbouring regions.

Free movement of capital.

Evil tongues say that this was one of the key reasons why the captains of industry came up with their proposal for the creation of one single European market in the beginning of the eighties.

The aim is notably to liberalise the investment in companies, the transfer of ownership and the investment in real estate. Further aim is to facilitate the payments and transfer of money over the border. As a consequence the transfer of undertakings, already going on in the eighties, has accelerated in the nineties. In some sectors we have seen as a result a concentration of companies at European level (cement, construction materials, furniture, parts of civil engineering, road builders).

With regard to the free movement of capital almost all candidate countries have asked for transitional periods to avoid a sell out of their real estate and the massive acquisition of secondary residences or agricultural and forestry land by foreign capital.

Competition policy.

Main aim is to discourage or counter state monopolies of a commercial character. Secondly there is a watchdog against state aid. The control of mergers is part of this chapter as well. And finally this is all about the liberalisation of public services. In the Western European countries all of the IFBWW sectors were already more or less privatised. That was of course not the case in the CEE-countries. The last decade however the state owned companies have been privatised in a very rapid pace (see for instance the country reports of the CLR industrial relations project). What is left are the utilities sector and related branches (water, energy, waste management and so on); sectors that are often important as clients for the construction sector.

Economic and Monetary Union (EMU).

The opt-out of the single currency is so far being disregarded for the candidate countries. EMU implies that the member state has to fulfil the criteria related to the introduction of the Euro. This means a restricted budgetary and economical policy along the lines of the

stability pact, and the leadership of the European Central Bank. This chapter has been closed with all twelve countries.

Regional policy and structural instruments.

This part of the EU-policy is mainly known because of the structural funds and the cohesion fund.

These funds provide financial assistance and subventions, notably for regions with a industrial decline, or for agriculture. In the past there has been also financial aid for sustainable forestry in deprived regions. ESF-money is often used to return money to the member states, even in situation where it is not absolutely necessary, to smooth out too strong differences between net payers and net earners.

Environment.

The environmental policy of the EU was for a certain period far more progressive then in the separate states, partly because the European Commission's mandate was relatively strong. In this area the main items are pollution and environmental protection, waste management, cleaner air and safer drinking water, sustainability. In some cases there have been tough political contradictions between the environmental principles and the competition policy. For instance in the field of public procurement where countries with progressive environmental clauses (the use of wood from sustainable forestry!) were accused of being protectionist and acting against the free market principles.

Other chapters.

The rest of the package comprises such divers items as taxation, fisheries, transport, agricultural (still open everywhere), energy, consumer protection, justice, foreign policy and so on.

3. Social policy in general.

The negotiations about employment and social policy include what is euphemistically called by the Commission “substantial secondary legal acquis at EU level”. For us this legislation is not so secondary. It is all about health and safety, labour law, equal treatment, social protection, employment and social dialogue. In the EU these fields are seen as secondary because there are no or only few legal obligations to implement precise policy measures.

However some are worth mentioning because they lead to an improvement of the national policy in the EU-countries.

In the field of *labour law* several directives were issued at EU level with regard to collective redundancies, safeguarding of employment rights in case of transfer of undertakings, the employment contract, cases of insolvency, organisation of working time and finally the posting of workers (see 4).

In many areas the workers rights on information and consultation were formulated, in the transnational companies culminating in the right to establish a European Works Council.

As it became possible to draft European legislation in the field of *health and safety* at the workplace with qualified majority, a package of directives with minimum standards for the working conditions, including for temporary and mobile worksites (construction), was developed and embedded in European legislation. Remarkably Latvia, Malta, Slovenia and Poland have asked for transitional periods in the field of health and safety.

The candidate countries are invited to come up with *employment* reviews. Four issues are at stake: a. improvement of the functioning of the labour market, b. policy reforms and labour market transformations to permit full participation in the Single Market, c. measures to prepare the unskilled or inappropriately skilled for a market economy, d. to create the necessary structures and systems necessary for the implementation of the Employment Strategy.

4. Free movement of persons.

The principles of free movement of persons contain four issues that have a direct impact on peoples' and workers' lives in Europe. European legislation covers four areas: the mutual recognition of professional qualifications, citizens' rights, the free movement of workers and co-ordination of social security schemes.

Through a system of *mutual recognition* the EU seeks to eliminate obstacles for those persons that want to take up a regulated professions in another country. For the construction, wood and forestry a co-ordination of the training scheme is only regulated for architects. For construction and wood the European Commission has worked out in the beginning of the nineties (via the Centre de Formation Professionnelle, CEDEFOP) a list of professions and their vocational training; so far this has not lead to real mutual recognition of these professions.

Citizens' rights is all about voting rights during a permanent residence in another EU-state and the possibility to participate actively in the political life of the Union. So far these rights are limited to the elections for the European Parliament and municipal elections (with still derogations existing). Furthermore the right of residence is guaranteed and discrimination not tolerated.

Co-ordination of social security schemes is settled by regulations that have to be applied directly upon accession. It has been one of the battlefields in the construction sector, where even the European Court was involved. The issue remains a very complicated minefield with risks of social dumping and abuse. In principle the question is relatively easy to solve if all parties concerned agree on transparent bilateral agreements. The problems start with third parties or agencies coming from other countries then the country of origin or the country where the work is to be done. Another possibility to avoid the obligations to pay normal social security levies and benefits is to open (or acquire) subsidiaries in countries with low social security standards. During the last decade we have seen this all in construction.

Finally the *free movement of workers*.

The EFBWW has produced a lot of material during the last decade about this item and about the strong lobby and political campaign that the European construction unions have developed.

This is not the time nor the place to repeat it. As a result the so-called posting directive was accepted in the European Council of Ministers in 1996.

During the negotiations between the EU and the CEE countries the free movement of workers has become the key issue.

Finally the debates have lead to transitional measures.

Main reasons for this transitional period are the forecasted labour movements following accession and the resulting labour market effects in certain regions. Although the impact of the free movement is expected to be limited there will be a concentration based on geographical proximity, income differentials, unemployment and propensity to migrate. The EU was afraid for the public opinion and public support for enlargement.

For all the CEE countries (not for Malta and Cyprus!) a transition arrangement has been put forward, based on:

- a two year period where national provisions in this area still can be applied. In certain countries this can lead immediately to full labour market access,
- during these two years reviews will be held with regard to the full application of the *acquis*,
- the transition period has to come to an end at least five years after accession, except in those countries where serious disturbances of the labour market are still manifest. Especially Germany and Austria have the right to apply additional, flanking national measures.
- up to the end of the seventh year Member States may apply safeguards.

Part of the transition arrangement is a stand still clause, Member States may not develop a more restricted policy after the signature of the Accession Treaty. Finally workers from candidate countries must be given preference over non-EU labour.

5. Social dialogue.

Since the Amsterdam Treaty social dialogue has a more prominent place in the European decision making procedures. Amsterdam gives the social partners (first and for all at central level) the opportunity to come up with proposals for social policy. Via negotiations, invited by the European Commission, the partners have practiced the drawing of Community legislation.

The central philosophy is, next to the development of tripartite structures, that the social partners build up their own, autonomous bipartite social dialogue.

For the candidate countries this implies that the importance of social partnership is recognised and confirmed and that the organisations of the social partners are sufficiently build up in order to prepare them for their role at national as well as at European level.

What is more they have to be consulted already at this very moment on legislative drafts related to the social policy acquis and the employment policy.

In many cases however there is lip service paid to the social dialogue. In recent studies (by the ETUC and UNICE, CEEP) the weak fundamentals of the social dialogue are criticised. In general there is a lack of autonomy of the partners and the governments are dictating the game.

And what is more, unfortunately this promoting principle is not at all applied to the sectoral organisations (as we will see in the final report of the CLR-project on industrial relations in the CEE).

REVIEWS

Renate Langewiesche and András Tóth (eds.)

The unity of Europe. Political, economic and social dimensions of EU enlargement

European Trade Union Institute, 2001, 309pp. €14.90

Industrial relations experts and practitioners in Western Europe are still too often either unaware of the imminent effects of the EU eastern enlargement, or simply too scared by them. 'The Unity of Europe', a collective book edited for the European Trade Union Institute by a western and a central-eastern European expert, comes at the right moment to counteract both unawareness and panic.

The book is based on the materials of an ETUI Conference held in the Autumn 2000, and includes contributions by experts, unionists and diplomats, as well as a long documentary annex. Although the enlargement process is moving fast, most of the contributions have lost nothing of their relevance, and the two chapters by the editors are updates up to 2001.

Experts' and protagonists' contributions complement each other: the former provide rational analysis on the main socio-economic issues, while the latter offer lively examples of debates, sometimes arguments, which exist among different perspectives and interests. The book covers all the thirteen candidates, including Turkey, although some chapters focus on the ten post-communist countries only.

The editors Langewiesche and Tóth in their two general chapters offer a precise overview of the enlargement process from its origins and of developments in the candidate countries. They pay specific attention to the often-neglected social dimension. While the social *acquis communautaire* (the EU body of legislation each candidate country has to accept before being admitted) is *formally* being introduced in all candidate countries, serious concerns exist around its actual implementation and above all about the so-called 'soft' *acquis*, that is social dialogue, which is weak especially at sector level. The authors deal with several controversial issues with delicacy but also frankness,

such as the future of regional aid or the development of the steel industry, where it cannot be denied that western and eastern workers' interests are largely conflicting. Regrettably, there is no space for other sensitive sectors like construction and transport.

Chapters by economists Inotai, Brücker and Hönekopp deal more specifically with the most disputed issue: the impact on labour markets. Their analyses, with some differences, effectively dismantle the pessimistic scenarios of massive relocations to central and eastern Europe or of massive migration to western Europe. Only 15% of direct investment to eastern Europe is motivated by low wages – far too small an amount to have any perceivable macroeconomic effect. Migration from the new member states to the West consist of some three million people – but over a 20-30-year period, which gives plenty of time for policy responses. From a legal perspective, however, Weiss reaches less optimistic conclusions for the EU social dimension: a big effort will be required to sustain European social standards and their advancement after the enlargement.

Interventions by protagonists give a unique picture of what is at stake. Niemiec, from the Polish Solidarity union, criticises the attitudes of western politicians. European Commissioner Verheugen replies by denouncing the enduring shortages in social dialogue in the candidate countries. Petkov from the Bulgarian United Labour Bloc candidly confesses that its country is following the American, not the European social model. André, from the ETUC, tries to counteract pessimism with a reminder of the policy tools available to make enlargement a win-win situation.

The documentary annex completes the book with a selection of ETUC documents on enlargement from 1988-2000. Readers will notice how the ETUC has moved from a pedagogic, almost missionary attitude to a more substantial involvement, and how it has supported enlargement and avoided withdrawing in defence of a western 'fortress Europe'. Overall, the book is an invaluable source of information. The combined effect of analysis and debate is to demonstrate that enlargement is a socio-political issue and that the social partners may affect it. Therefore, it constitutes important reading, not only for those interested in central and eastern Europe. EU enlargement, in fact, is a

local aspect of what is called globalisation: the integration of regions with different histories and different socio-economic standards. By showing that labour can have a constructive voice on enlargement, the authors suggest that globalisation should not be treated as an ineluctable verdict, imposed by somebody else in a non-modifiable manner.

Guglielmo Meardi
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Guglielmo Meardi:
Trade Union Activists, East and West: Comparisons in multinational companies.

Gower, Aldershot/Hampshire 2000, 311 pp., £ 45.

This book has the outstanding merit to look at East-West relations under a trans-European perspective. Thus it is a study of change in the European trade union movement via comparative analysis rather than – as the title suggests – a comparative study as such. It identifies ‘The Emergence of the Subject at Work’ (heading p. 242) as the agent of ‘alternation’ in both ex-socialist Poland and capitalist Italy as examples of Eastern and Western European economies. Consequently it dismisses the current misleading concept of ‘transition’, which implies a conversion of communist trade unions to the ‘normality’ of Western capitalist relations. The term ‘alternation’ is borrowed from Berger and Luckmann in order to address parallel developments on both sides of the divide, namely “that Polish and Italian unions are undergoing the same decline in class consciousness.” (p. 147)

Guglielmo Meardi has learnt Polish and spent in all 30 months in Poland in order to ‘understand’ trade union activists on their own terms. That makes all the difference from the many surveys carried out by Western researchers according to Western categories. He has decided to take a qualitative approach and used unstructured interviews aiming at detecting consciousness below the cover of habit, delusion, prejudice, rhetoric, and jargon. In all he has conducted 91

interviews with shopfloor union activists in six establishments, three each in Poland and Italy, of two transnational steel and car companies, Lucchini and Fiat. And he makes it a real pleasure to take part in the examination and evaluation of the interviews through reading extensive quotations from them.

The study answers three hypotheses:

- “that in both Italy and Poland the trade unions are experiencing the same crisis involving the disintegration of a previously lively working class consciousness;
- that starting from the fall of communism new differences between East and West have been constructed at work and in the trade unions;
- that nowadays every union can be characterised by the way it copes with the central dilemma of how to deal with differences within the workforce.” (p. 9)

“The Deconstruction of Class” (heading p. 272) may be the least contentious of the conclusions. But “A widening Divide” (heading p. 274) between East and West after ten years of ‘transition’ reveals a complete failure of prevailing Western policy and understanding of Eastern reality. The process of “Timid Subjectivation” (heading p. 275) accompanying the “fragmentation in class consciousness”, however, heralds a new era of employee organisation. Though usually expressed on both sides of the divide in terms of nostalgia by trade unionists, Meardi concludes: “Direct dialogue with Eastern Europe, just like openness to women, immigrants, or atypical workers, will certainly raise sensitive problems in the short run, in that it breaches established ‘protective boxes’. Nevertheless, through the emergence of subjectivity analysed and defined in some workers’ discourses, such dialogue is likely to open up new chances in the long run.” (p. 278)

Differences between industrial relations in Poland and Italy display in fact a widening gap, rather than assimilation to ‘normality’. For instance: wage differentials between the lowest and highest rate for productive workers have risen up to 100/400 in Poland, as compared to 110/210 in Italy (p. 183); Italy in lagging behind Poland in abolishing industry-level for company collective bargaining (p. 182); “The East-West divergent nascent trend risks ending in the

construction of two opposed models of unionism, both equally inadequate: resistance unionism (in the West) and neo-proletarian unionism (in the East).” (p. 279)

Meardi's study is an important contribution to discussions about the adoption by applicant countries of the 'acquis communautaires' in the field of the social dialogue. If we accept his diagnosis of the 'alternation' of industrial relations in EU as well as applicant states, at least the employee side of the social partners will need to be redefined. Who represents the marginalised segments such as the self-employed, immigrants, women, atypical workers? Presumably a study of the employers would produce a corresponding picture of fragmentation. So on both sides of the social partnership the national, let alone European level, is increasingly dissociated from the workplace level, where the employer-employee relationship is generated. In other words, whom do the existing European social partner organisations represent?

It is a pity, on the one hand, that the book is sometimes overburdened with academic formality. On the other hand it is immensely rich in information and exciting in its rigorous as well as 'understanding' approach.

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