

# Europe, the European Union and Labour Relations

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# Ideology and Labour Relations

- More than any other business activity, labour relations are rooted in ideology/ideas about the proper relationship between workers and employers.
- Labour relations are politically contested territory.
- Labour relations cover two key dimensions:
  - Power relationships in the workplace (decisions)
  - The distribution of the earnings that the business generates (dollars)



# Frames of Reference

Within Europe we can distinguish 4 broad frames of reference or political orientations when it comes to labour relations:

- “**Unitary**” – “we are all in this together”;
- “**Pluralist**” – a business is a coalition of multiple stakeholders with many interests in common but with some that are divergent – even opposed.
- “**Class war**” – employers and workers are in a constant battle – they have no interests in common.
- “**Catholic**” – businesses, like the wider society, are a partnership between different classes, each with their respective role to play.

# “European” Language of Labour Relations

- “Social Partnership”
- “Social Dialogue”
- “Sectoral Social Dialogue”
- “Subsidiarity”
- “Information and Consultation”
- “Equality + Non-Discrimination”



# Similar...Yet Different

- Looked at from the US or from Asia, European employee relations often appear homogenous:
  - Strong and influential trade unions
  - Works councils and other forms of employee representation (board-level participation)
  - Extensive employment laws which make change difficult (including individual dismissals)
- The similarities, however, conceal major differences
- With Europe, there are five different employee relations systems

So, Europe  
Does Not Have  
One System of  
Labour  
Relations





# Rhineland System



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# Rhineland System

- The role of the law
  - An extensive legal framework, but with considerable autonomy for the social partners
  - The state, by and large, does not interfere in wage bargaining, but is involved in setting the legal “rules of the game”
  - Collective agreements tend to be binding on the parties to the agreements – with a strong peace obligation
- Unions
  - In German and Austria there is one, dominant union federation
  - In the Netherlands and Belgium they are divided along political/religious lines – though the differences are a lot weaker than they used to be
- Workplace employee representation
  - Works councils based on legislation + board level participation in some countries



# Latin System



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# Latin System

- The role of the law
  - The law tends to take precedence over collective bargaining because of the strong role of the state in economic and industrial matters
  - Collective bargaining agreements can be extended by law to cover all employees in a business sector
  - Strikes are more common than in the Rhineland system – there is generally a constitutional right to strike. But a great number of strikes are, in reality, political demonstrations.
- Unions
  - Unions are (often deeply) divided along political/religious lines
- Workplace employee representation
  - Works councils based on legislation/collective agreement
  - There is also a trade union workplace presence
  - In Italy, the *RSU*, a combined trade union group, is the main employee representative body

# Nordic System



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# Nordic System

- The role of the law
  - Collective bargaining takes precedence over the law. The national industrial relations framework results mainly from national-level agreements between the unions and the employers
  - Because of the extent of union coverage wage agreements tend to be binding across sectors
  - The “peace” obligation is quite strong
- Unions
  - Generally organised along occupational lines (blue/white collar)
- Workplace employee representation
  - The trade unions are the main channel of employee representation. Their workplace role is defined by national union/employer agreements.

# Anglo-Irish System



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# Anglo-Irish System

## The role of the law

- Historically, characterised by “voluntarism” – i.e. the absence of the law from the field of employee relations
- Unions/employers left to regulate employment relationship, generally at enterprise level

## Unions

- In both Ireland and the UK, there is one overall union federation.
- Historically, unions organised on occupational lines, but now “super-unions” have emerged providing for all types of employees

## Workplace employee representation

- Uniquely, in the Europe of the 15, employee representation in the workplace was based on an employer voluntarily recognising a trade union. Where a union was not recognised employees had no legal right to representation. Since 1997, the UK has had a system of statutory recognition in place.

Central +  
Eastern  
Europe



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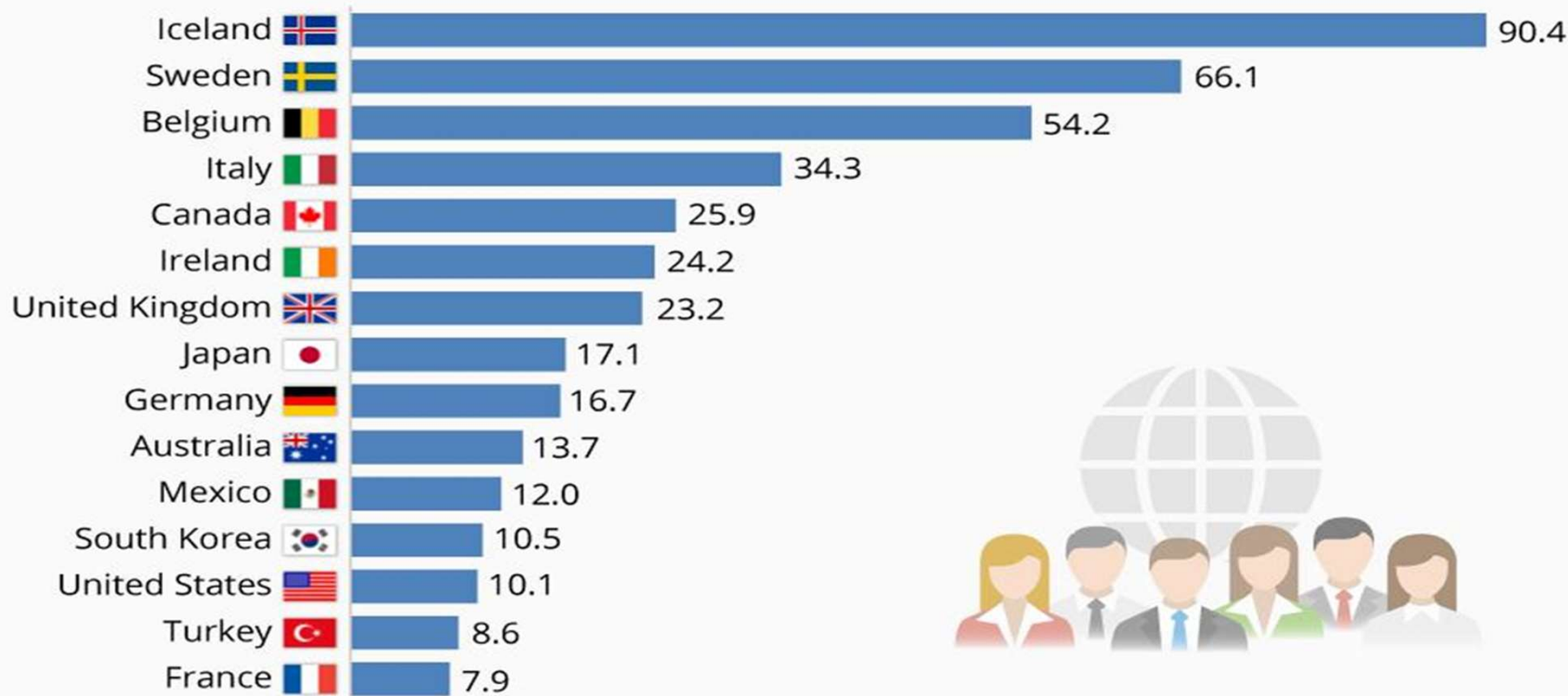


# Central + Eastern Europe

- Employee relations systems completely collapsed after the fall of the Berlin Wall
- Trade union membership – once close to 100% of the workforce - has fallen like a stone
- What laws exist are mostly based on the European Union's body of employment laws
- No desire on the part of employers to create a strong employee relations system
- Labour relations in Central and Eastern Europe increasingly resemble those of the Anglo-Irish system.

## The State Of Global Trade Union Membership

Trade union membership as a percentage of total employees\*

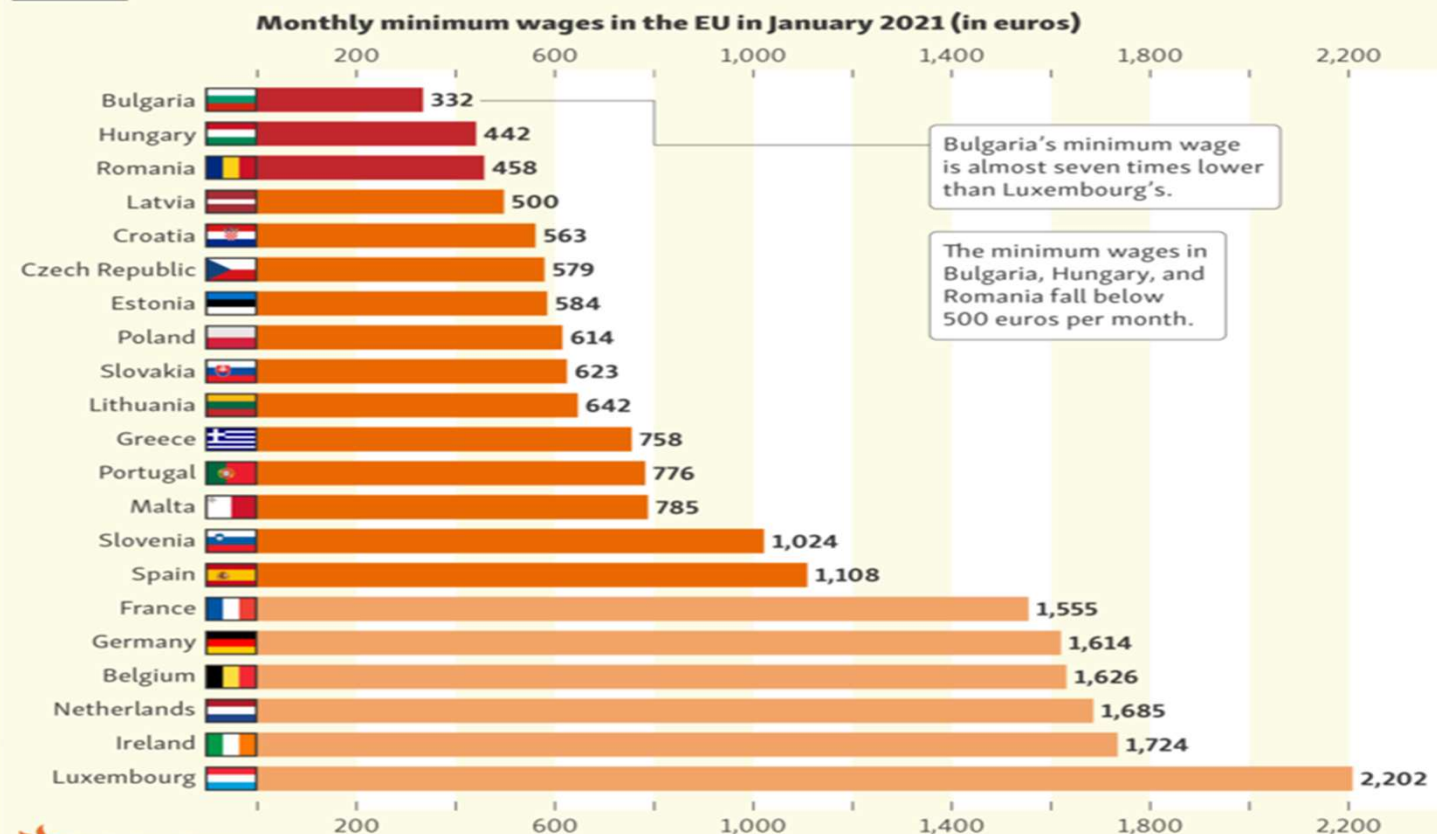


# TRADE UNION DENSITY

<i>COUNTRY</i>	<i>DENSITY</i>	<i>COUNTRY</i>	<i>DENSITY</i>
DENMARK	80%	UK	28%
SWEDEN	78%	NETHERLANDS	25%
FINLAND	74%	CZECH REP.	22%
CYPRUS	70%	GERMANY	20%
MALTA	59%	GREECE	20%
BELGIUM	51%	HUNGARY	17%
LUXEMBOURG	46%	POLAND	17%
SLOVENIA	44%	PORTUGAL	17%
IRELAND	36%	LATVIA	16%
ITALY	34%	SPAIN	16%
AUSTRIA	32%	LITHUANIA	13%
SLOVAKIA	31%	ESTONIA	12%
		FRANCE	8%

# Minimum Wages Across The EU

Wages in Bulgaria, Hungary, and Romania are the lowest in the European Union.



Note: Cyprus, Italy, Austria, Denmark, Sweden, and Finland do not have official minimum wages.  
C. Coelho | Source: Eurostat

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<http://www.worker-participation.eu/National-Industrial-Relations/Map-of-European-Industrial-Relations>



# The Impact of the European Union on Employee Relations

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# Governance Structure

- European Commission
- European Council
- European Parliament
- Court of Justice of the European Union
- The Social Partners





# Evolution of Social Policy

The development of the EU's employment law *acquis* can be divided into several phases:

- 1958 – 1972: “Inactive”
- 1972 – 1979: “First social action programme”
- 1979 – 1987: “UK obstruction”
- 1987 – 1994: “Single market programme”
- 1994 – today: “Post-Maastricht”
- Today



## Phase 1: 1957 - 1972

- The Treaty of Rome
  - The free movement of workers (Articles 48-51)
  - Social provisions - including equality as between men and women in the labour market (Articles 117-122)
- No employment laws adopted during this period, save for some health and safety provisions



## Phase 2: 1972 - 1979

### Changed political climate

- 3 directives sought to give protection to workers faced with economic change:
  - Collective Redundancies;
  - Transfer of Undertakings
  - Insolvency
- A further three directives gave new force to the Treaty provisions on equality between men and women.
  - 1975 equal pay directive
  - 1976 equal treatment directive
  - 1978 - equal treatment in state social security schemes.
- A number of health and safety Directives were also adopted, on the use of electrical equipment in potentially explosive atmospheres and on safety signs at the workplace.

NO



## Phase 3: 1979 to 1987

- During this period no employment law directives were adopted
- At the time all directives needed to be adopted unanimously
- The new UK, Conservative government was committed to a policy of labour market deregulation
- Given this, it would not agree to “regulation” by the EU





## Phase 4: Single European Act

- The launch of social dialogue in 1985
- Treaty changes expand EU' ability to adopt labour laws by majority vote
  - Working Time
  - Maternity leave
- Social Charter
  - A document of aspirations





## Phase 5: Maastricht and after (1)

- The Maastricht Treaty was primarily designed to facilitate the adoption of the Euro
- To ensure trade union and citizen support the treaty allowed for a further range of employment law issues to be adopted by qualified majority vote
- Further a “quasi-legislative” role for the social partners was written into the treaty so that unions and employers can negotiate social policy legislation between themselves
- The UK would not accept this and so “opted-out” of the Maastricht Treaty social policy chapter. It opted back into the social chapter after Labour came to power in 1997



## Phase 5: Maastricht and After (2)

### Legislation adopted:

- EWC Directive
- Information and Consultation
- European Company Statute
- Agency Workers Directive
- “Recast” EWC Directive

### Social partner agreements

- Parental leave
- Part-time work
- Fixed-term work





# The Lisbon Treaty

The Lisbon Treaty came into force in December 2010 –giving new legal standing to the Charter of Fundamental Rights:

- Language on trade union rights, collective bargaining and employee information and consultation.
- The European Court of Justice will have new powers to interpret the Charter.



# Brexit

- In 2016 the UK voted to leave the EU
- This it finally did on January 1, 2021
- Will the absence of the UK change the dynamics around labour law in the EU?

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# Today

An activist labour and employment law agenda:

- Minimum Wage + Collective Bargaining
- Gender Pay Transparency
- Gig economy and Collective Bargaining
- Gig Economy – Employment Status
- Supply Chain Due Diligence
- The Right to Disconnect (EP) / Remote Work
- Democracy at Work (EP)
- EWC Revision (EP)



# Questions?

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