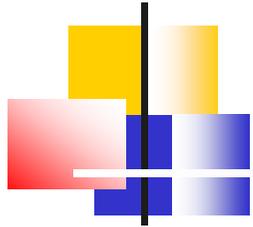


The implosion of fundamental union rights: The example of Romania

WSI-Autumn Forum
Berlin, Nov 2013

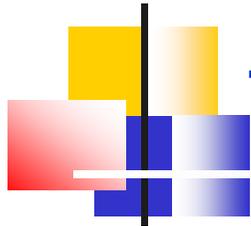
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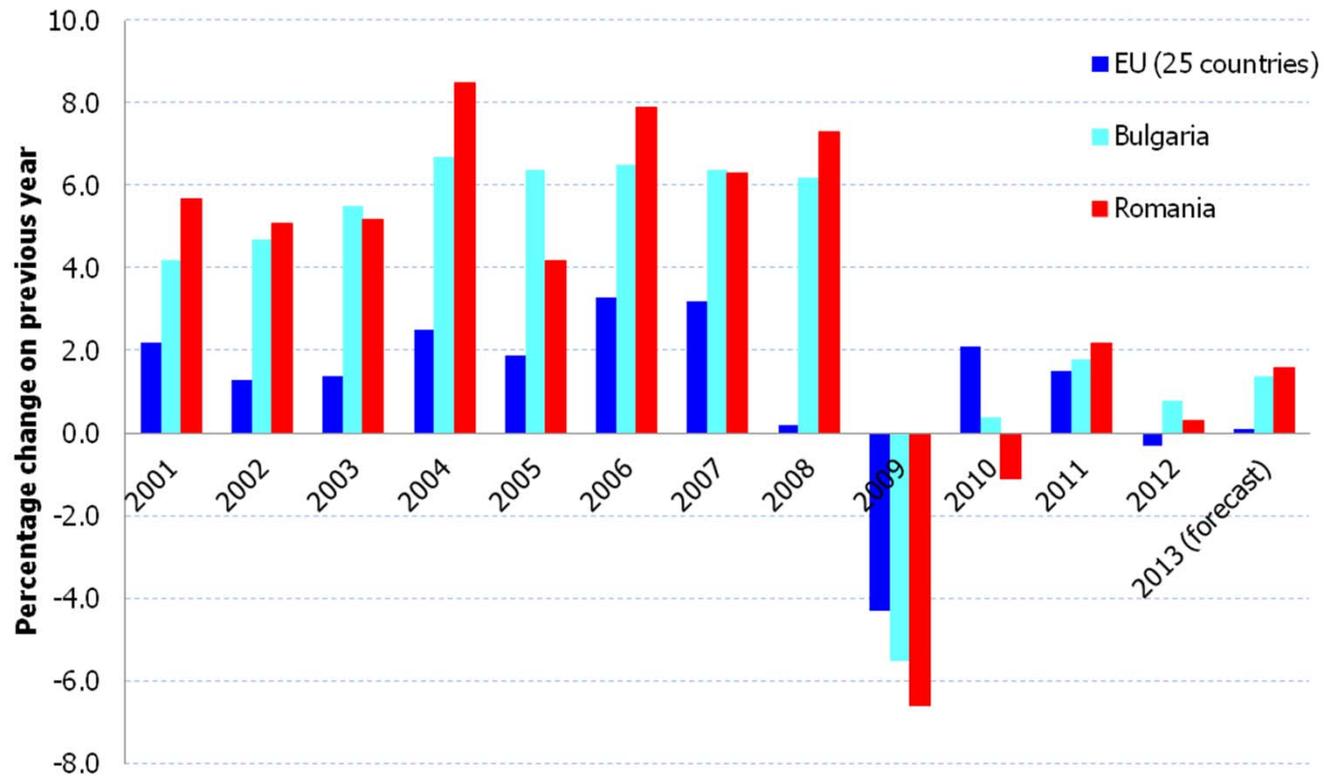
Outline

To what extent political and market forces affected the implosion of union rights in Romania during the recent crisis?

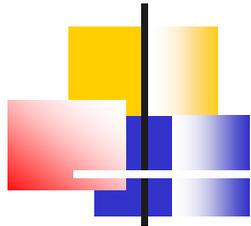
1. The crisis and its consequences
2. Government attack on trade union rights
 - construction & health care
3. Discussion and conclusion
 - market vs. political impact on unions' rights



The crisis and its economic consequences

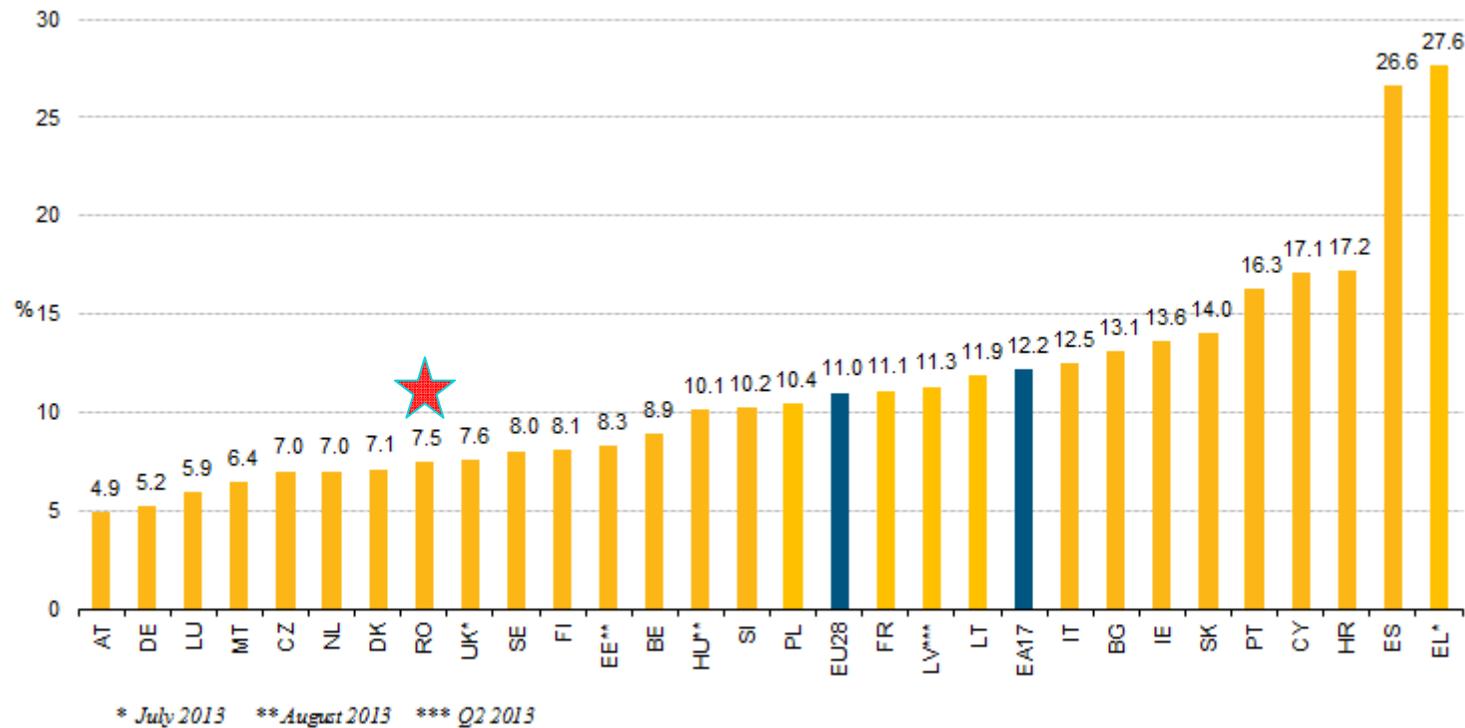


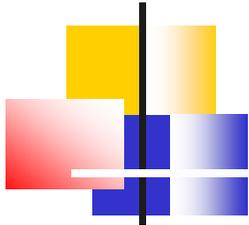
Source: Eurostat (2013)



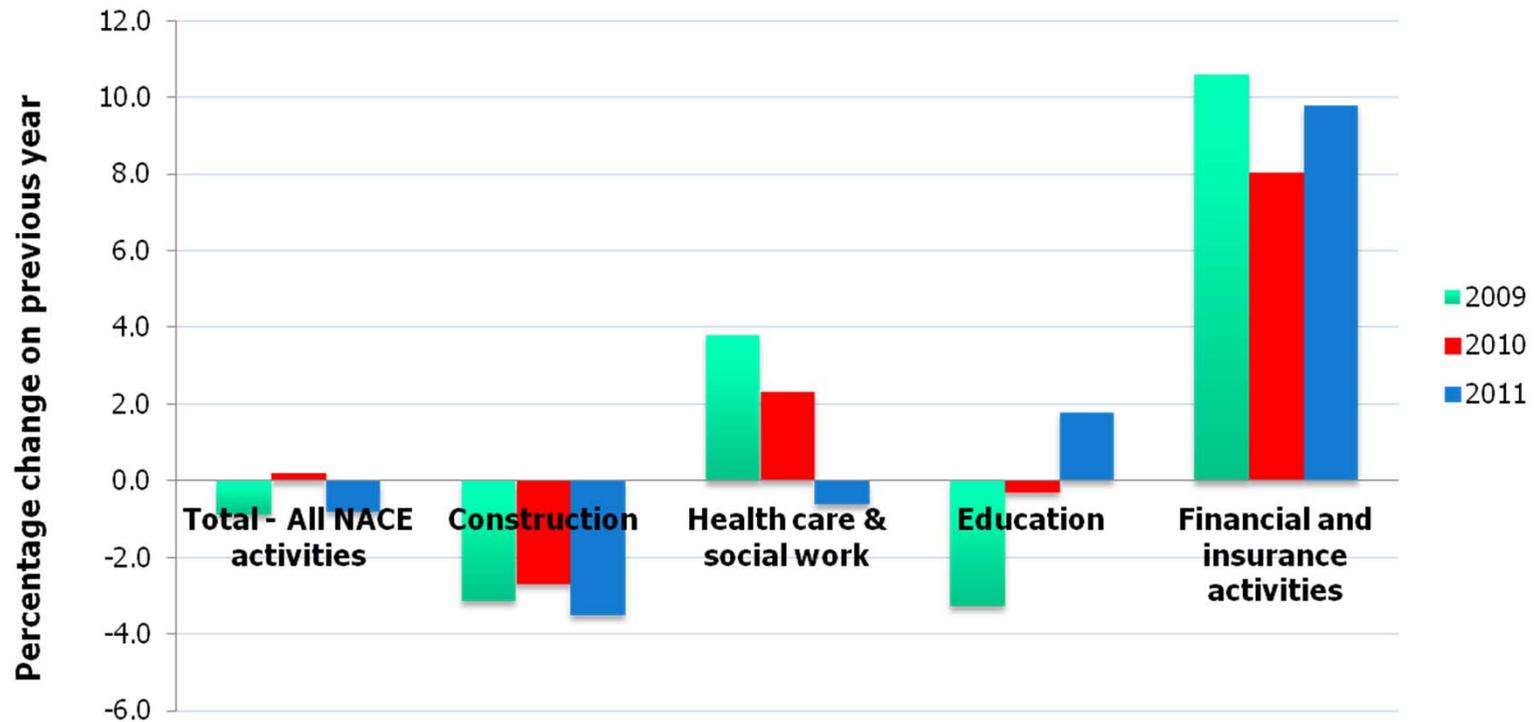
Unemployment rates, seasonally adjusted

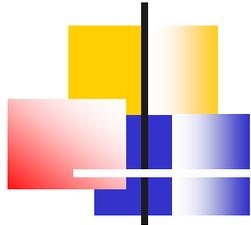
September 2013 (Eurostat 2013)





Development of employment between 2008 and 2011 (Eurostat 2013)





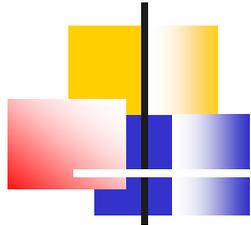
Causes of the recession

- 1. Banking sector >85% foreign ownership
 - Limited or no loans to companies and individuals

- 2. Reduction of internal and external demand
 - Exports to EU reduced by 25% in 2009 (EC 2010)
 - Decline of private consumption

- 3. Pre-recession economic weaknesses & imbalances
 - Budgeted deficit increased until 2008 to 7.4%

=> **Austerity measures: approx. 20 bn borrowed from Troika**

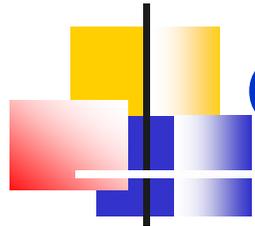


Influence of the Troika policy

- International financial assistance – 2009
 - IMF Stand-By Agreement - €12.9 bn
 - EU - € 5 bn
 - EBRD - € 1 bn

- Instalments – subject to conditions affecting T&C of employment
 - (i) restructuring the public sector + reform wage system
 - Reduce wages - legislation
 - Cut by 25% wages + 10 days 'involuntary' holiday
 - (ii) pension reform
 - (iii) public enterprise reform

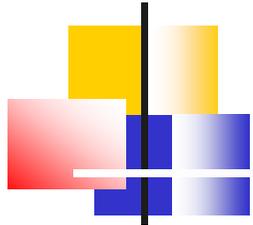
- **Supported govt(s) changes to undermine union rights**



Consequences of the crisis for unions

Opportunity to curb union power

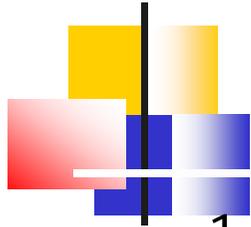
- Legal changes
 - Social Dialogue Act - 2011
 - adopted unilaterally by govt
 - opposed by TUs and 4 EAs
- Intimidation of union officials
- Ignoring union views



Overview: Romanian Trade Unions

Five confederations

- CNSRL Fratia
 - Cartel Alfa
 - BNS
 - CSDR
 - Meridian
-
- Alliances/mergers - since 2007
 - Several initiatives abandoned
 - Density: 33% in 2008 (Fulton 2013)
 - est. 5-10% decline in membership



Union rights – key changes

1. Collective bargaining

- All valid collective agreements abolished in 2011
- Unions not allowed to bargain across sectors
- No extension, unless EA cover >50% LF
- (Re)registration of social partners
- >50% union density required to bargain at local level

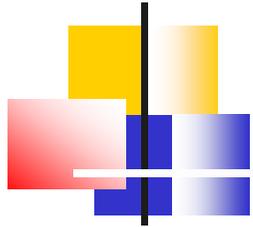
2. Freedom of association

- 15 employees from the same company
- Less protection of union officials
- Intimidation of union leaders

3. Strikes

- obligatory conciliation
- not allowed to strike if
 - collective agreements are not implemented
 - potential solution to unions demands require a new law

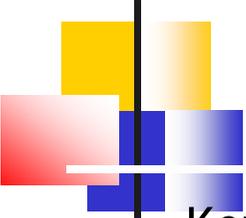
4. Fee collection



Construction sector

- Key aspect
 - Has a network of bi-partite institutions regulating key aspects in the sector

- Main changes
 - Partial decline of union influence
 - FGS + ARACO => negotiated response to the recession
 - EU structural funds for training & thermal insulation of state owned buildings
 - No sectoral agreement, but a social pact at sectoral level
 - Intimidation of *local* union officials



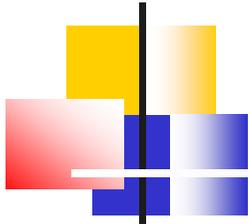
Health care sector

- Key issue

- Limited financial resources => privatisation & fragmentation of governance

- Main changes

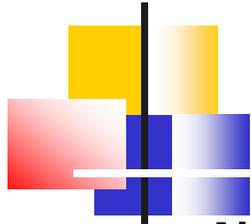
- Decline of union influence
 - Union membership drop by 50% (Sanitas)
- Higher govt intervention in setting T&C of employment
 - Cut around 40% of income in 2010, increased by 15% in 2011 + 8% in 2012
- Decentralisation & fragmentation of CB
- 6 EU projects => members services



Collective action

- “There have been many protests in 2010 and 2011 at national and sectoral level organized by Sanitas and CNSRL Fratia against legal changes (Labour Code and the Law on Social Dialogue) and the major reduction in salaries, with no positive results for the union members; these protests were very expensive for the union and difficult to organise; as a result, Sanitas found very difficult to organise national level protests in 2012” (Senior union official, Sanitas).
- Nov 2013 - **“The health care system is in coma”**
 - 10 000 doctors & nurses protested => “I want to work in Romania”
 - Union demands
 - 6% of GDP
 - Respect & higher salaries
 - Junior doctors – 200-300 euro
- Nov 25th – national protest - 2h work stoppage
 - 130 000 staff
- Nov 28th – general strike





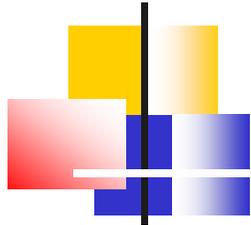
Unions responses to crisis

- **Alliance of Budgetary Employees (2009)**
 - General strike (Oct 5th 2009) against Wage Law
 - About 750,000 employees

- **The five national union confederations set up a crisis committee**
 - 2010 filed a complaint with the ILO
 - Tripartite body agreed > 400 measures
 - Largely ignored
 - ⇒ series of protests against the austerity measures in May 2010

- “Mass demonstrations and attempts by unions to take legal action against austerity measures had no influence on government’s decisions” (Chivu 2011).
 - 2011- Limited protests after the arrest of Marius Petcu

- **Feb 2011 - Agreement with Liberal and Social Democrats Alliance**
 - in power since May 2012



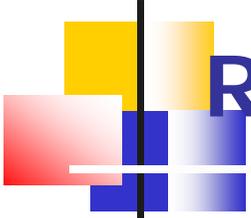
Revision of the Social Dialogue Law

- Oct 2012 **Draft Emergency Ordinance to Amend Law 62/2011 on Social Dialogue**
Joint Comments of European Commission and IMF Staff

- **General Comments**

“We received a revised draft Emergency Ordinance (version: August 28, 2012) that aims to amend Law 62/2011 on social dialogue. **We understand that the present draft was prepared by trade union confederations that are representative at the national level and by only four employer confederations.** Given the importance of Law 62/2011 for labor relations in Romania, which embodies a key reform, **we think it is inappropriate to amend this law through an emergency ordinance and consider it of the utmost importance to go through the normal legislative process** which ensures a thorough preparation and proper consultation of all social partners, including all employer organizations representative at the national level.”

- Source: <http://www.ituc-csi.org/IMG/pdf/romania.pdf>

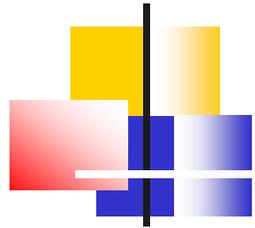


Revision of the Social Dialogue Law (2)

EU & IMF Specific comments

- Against proposed changes
 - automatic extension of national & sectoral collective agreements
 - labour conflict law
 - Ask for further reduction of union influence

- Agree with proposed changes at company level
 - Reps criteria – 35% instead of over 50%
 - Set up a union – 5 instead 15 members
 - Fee collection by employers, but should require written agreement of employees

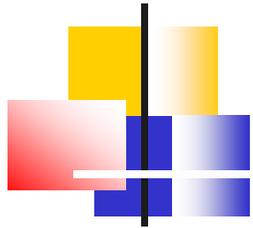


ICTU – 2013

(<http://www.ituc-csi.org/imf-and-ec-apply-behind-the-scenes.html?lang=en>)

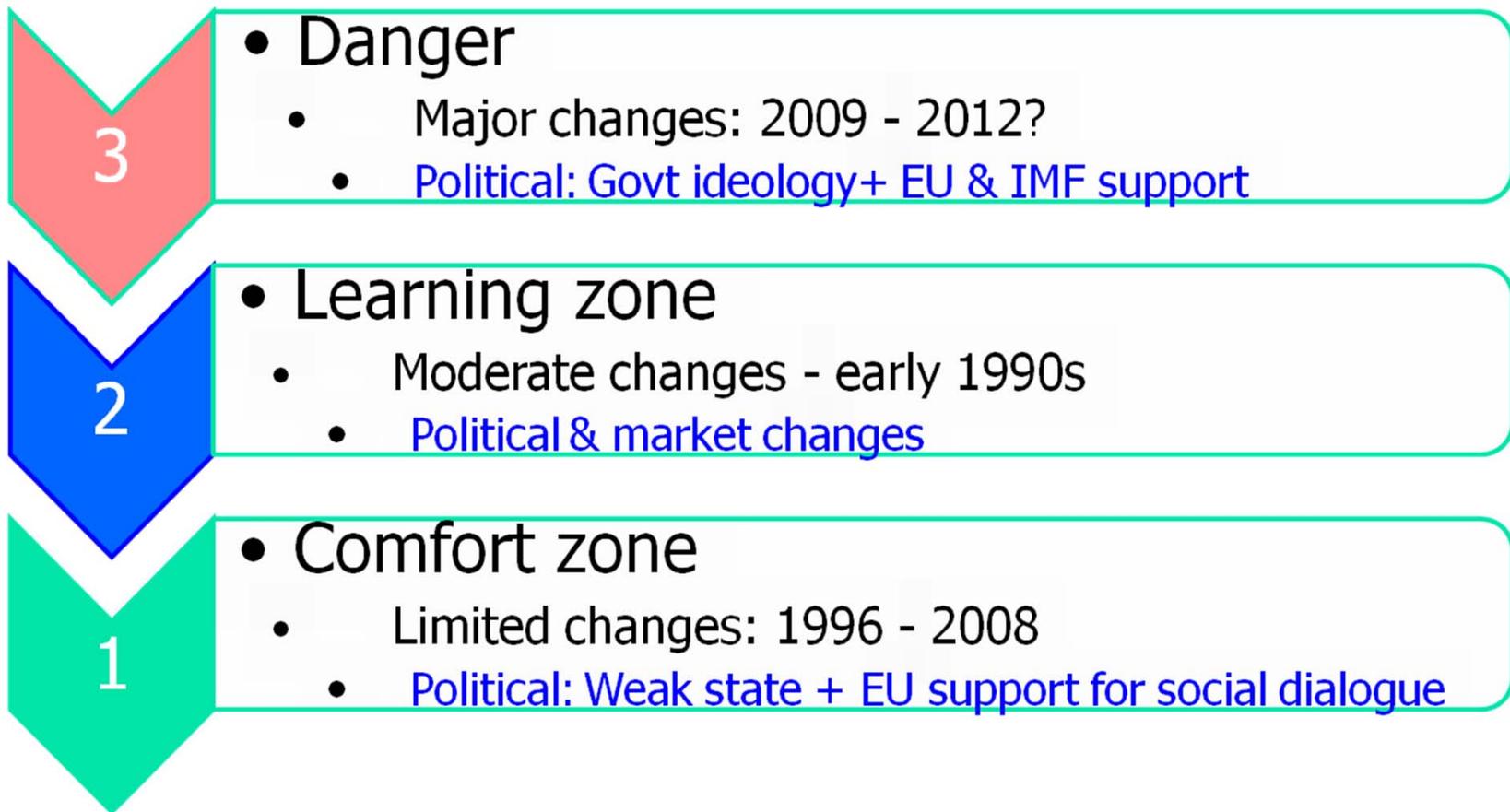
- “Pressure by the IMF and EC on the Romanian government to prevent it from correcting violations of core labour standards is absolutely shameful,” said ITUC General Secretary Sharan Burrow.

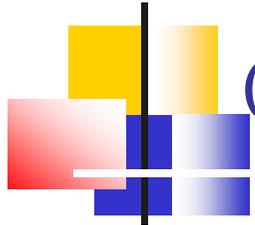




Impact of crisis on trade unions

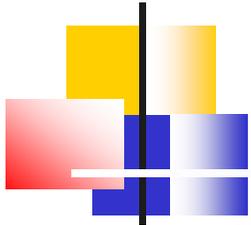
Adapted from H. O'Doherty, 2013





Conclusion

- Sudden implosion of fundamental trade union rights
 - Freedom of association, collective bargaining and strike
 - Role and influence dependent on institutional embeddness
 - Why?
- External (political) support collapsed
- Prospects
- Internal and external factors



IMF & EU change direction

World needs to work together to solve global economic crisis

