

Working Paper No. 1

**Social dialogue in times of crisis:
Finding better solutions**

Ludek Rychly

**Industrial and Employment
Relations Department
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Foreword

The current global financial and economic crisis presents a serious test for governments and social partners throughout the world. Its consequences for both employers and workers are heavy and require urgent measures which take into account the vital interests of the population. In these critical circumstances, various forms of dialogue, from simple exchange of information or consultations to full-fledged negotiations, are badly needed, as these can contribute to better, more transparent and more efficient governance. More than ever, mutual trust and cooperation are prerequisites for achieving effective, balanced and viable policies.

We have learned from past experience that the important role of social dialogue should never be taken for granted, not even in countries with old traditions of industrial relations. Strong political will is required to use the existing instruments of dialogue during crisis conditions, adapting them if necessary. At the national level, social dialogue can be very useful in finding the necessary balance between macroeconomic stability, employment growth and the protection of the most vulnerable sectors. At the enterprise level, the compromises may be even more painful, as workers' jobs and wages are at stake.

This paper has three objectives. First, it looks at past crises to identify lessons that can be learned from industrial relations developments in different regions and varying circumstances. Second, it describes the development of social dialogue in the early period of the current crisis in order to inform the reader about the forms and content of crisis-related social dialogue in different parts of the world and to provide national examples. Third, it suggests some policy options.

This paper was prepared with the intention of providing this information as early in the crisis as possible. It is therefore based on relatively disparate sources, and many of the findings and conclusions are, at this stage, only tentative and may be corrected by further developments.

I would like to express my appreciation, not only to the author of the paper, Ludek Rychly, but also to the many ILO colleagues in field offices whose readiness and enthusiasm to provide information on developments in their regions made it possible to complete this paper. I also thank René Robert for his time and effort in editing the two annexes, which represent a considerable wealth of information on social dialogue at both the national and enterprise levels.

May 2009

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Introduction

The objectives of this working paper are, first, to discuss the lessons that can be learned in the sphere of industrial relations from past crises in different parts of the world; second, to highlight some recent industrial relations developments at the national, sectoral and enterprise levels since the beginning of the current crisis in the late summer of 2008, and; third, to suggest some preliminary policy options.

Developments related to the current crisis are still unfolding and every day brings new events, both at the national and the enterprise levels. Thus, with regard to the last two objectives, this paper cannot provide at this stage much more than a snapshot which future developments may confirm or disprove. The severity and length of the crisis is difficult to predict, and responses to short-term difficulties, especially concessions achieved through collective bargaining described in this paper, may prove insufficient to save jobs in the long run; the nature and conduct of industrial relations may be affected in many ways, as similar historical events in the last century have borne out.

1. Past experience

The current financial crisis is the first in the fully globalized economy, so there are no precedents of similar scope to be studied concerning their industrial relations effects. However, during the post-war period, in all regions of the world there were numerous critical developments which affected industrial relations, or where industrial relations played an important role in the recovery effort. This was the case in Europe and in Japan, where industrial relations was an integral part of post-war reconstruction. It contributed to overcoming the consequences of the major recession of the 1970s and 1980s in industrialized countries and – to some extent – to the Asian financial crisis in 1997-98. The acceptance of freedom of association, the practice of collective bargaining and, above all, the development of national tripartite consultations, helped to ease the severe economic difficulties related to the transition from the central planning to the market economy in Central and Eastern Europe, preventing major social conflicts.

1.1. The recession of the 1970s-80s in industrialized economies

The “glorious” thirty years following the Second World War were characterised by economic growth, almost full employment and a steady increase in standards of living. However, a period of economic downturn followed, with high inflation, mounting budget deficits and rising unemployment. The sharp increase in international competition and the steep rise in energy prices, especially after the first oil shock in 1973, resulted in the nearly universal decline of traditional manufacturing, a highly unionised sector which represented the backbone of national economies.¹ The Fordist type of employment was gradually replaced by more flexible models and “both industrial relations and employment relationship underwent a fundamental change”² from the mid-1970s in terms of economic restructuring, internal reallocations, mass redundancies, atypical forms of employment, lean production schemes, and the growing heterogeneity of labour markets.

While “tripartite cooperation fit easily into the economic and social planning and wage and income policies that many countries pursued in the 1950s and 1960s ... cracks

¹ ILO. 1997. *World Labour Report 1997-98*.

² J. van Ruysseveldt et al.

had begun to appear by the mid-1960s.... Then, the economic dislocation caused by the 1973 oil shock led to further reassessment”.³ In Europe, the traditional tripartite framework was not abandoned, but it took some time to adapt it to the new economic orientation which favoured neo-liberal approaches; there was an evident shift in the focus of tripartite consultations towards concerns for increased productivity and greater competitiveness.⁴ Wage, price and fiscal initiatives remained the dominant issues not only in developing but also in developed countries.⁵ To cope with macroeconomic difficulties, the governments’ interest in industrial relations increased sharply practically everywhere during the 1970s, and even more so in the 1980s.⁶ “This may seem a paradox, as at first glance this decade mainly saw governments withdrawing from economic and social processes ... the governments re-contemplated and redefined their roles. They have continued to intervene, but this time with a view to improving the competitiveness of their national trade and industry.”⁷

It is impossible without overgeneralizing to outline the common industrial relations trends in the 1970s-80s between countries as they varied widely, reflecting differences in their industrial relations systems and policies adopted to tackle economic problems. However, it may be useful to discuss a few examples:

In **Belgium**, the crisis had a dramatic impact on collective bargaining and other forms of social dialogue, especially after 1975. The lack of consensus between the social partners over issues such as reducing labour costs and layoffs prevented the continuation of the traditional national inter-industry dialogue, in spite of the government’s encouragements. The government “took drastic measures, imposing a far-reaching income policy, freezing wages and limiting the effects of negotiated cost-of-living clauses”.⁸ Finally, wage moderation was achieved by a combination of legal and negotiated measures: e.g., in February 1981 new legislation provided for mandatory wage restraint measures in the event that employers and unions could not conclude a national agreement. In fact an agreement was reached and rendered binding by royal order.

The well known case of **Ireland** shows that social dialogue, especially if it is supported by the State, can be the appropriate response to serious economic difficulties. Facing serious structural problems in the Irish economy, high unemployment and inflation, the social partners and the government managed in 1987 to conclude the first of a series of tripartite agreements, the Programme for National Recovery. While this agreement dealt essentially with wages, wherein the unions agreed to moderate wage increases in return for tax concessions,⁹ subsequent partnership agreements have been more far-reaching in their content and addressed a wide number of social and economic issues. The success of social dialogue in Ireland, its evident positive economic results¹⁰ and its sustainability can also be attributed, beyond the strong commitment, technical capacity and sense of compromise of its actors, to very efficient institutional arrangements, as the process of bargaining is framed by several well-managed bodies, namely the National Economic and Social Council (NESC), placed under the Prime Minister’s office, which is the body responsible for negotiating national partnership agreements.

³ A. Trebilcock

⁴ J. Wickham

⁵ F. Paukert and D. Robinson

⁶ G. Sheehan. “While this government intervention did not necessarily alter the institutional framework for wage negotiations, it changed the assumptions on which parties based their negotiations and consequently changed the outcomes.”

⁷ J. van Ruysseveldt et al. op. cit..

⁸ R. Blainpain

⁹ J. Heyes

¹⁰ P. Auer

In **Italy**, “the recession witnessed sweeping changes in the structure and content of collective bargaining as well as in the parties that conduct it.”¹¹ The State intervened in various ways: by playing an active role in settling national labour disputes, by adopting “negotiated legislation”,¹² and by taking part, since the early 1980s, in major tripartite agreements. The tripartite agreements of 1983 and 1984 dealt with automatic wage indexing, but also with broader issues promoting employment, reducing working time and regulating the labour market. Italy continued the use of tripartite agreements (pacts) into the 1990s.¹³

The **Netherlands** was traumatized in the 1970s and the first half of the 1980s by sharply rising unemployment, structural difficulties, high interest rates and growing budget deficits; it represented a challenge to the Dutch Welfare State, and to the traditional “polder system” based on compromise in the social dialogue model and on obtaining public support for policy measures.¹⁴ Relations between interest groups became hostile. As it seemed impossible to reach an agreement between employers and workers,¹⁵ public policies also changed and became, after many years of relaxed central wage policies, much more **domineering**. When unemployment and inflation rose in the 1970s, Keynesian demand models were replaced by new policies, subject however to much controversy and debate, suggesting that wage restraint was a suitable countermeasure to stagflation and unemployment.¹⁶ Based on the so-called Vintaf-model,¹⁷ the famous Wasenaar agreement between the social partners was concluded (quite surprisingly after years of disagreement) in 1982, representing a real turning point in the fight against economic misery and unemployment in the 1970s and early 1980s, and the starting point for the recovery of the labour market and employment performance in the late 1980s and 1990s.¹⁸ The Agreement stated: “structural improvement in employment requires: recovery of economic growth; stable prices; improved competitiveness of companies coupled with better rewards”. Paradoxically, it was the Government which contributed a lot to the conclusion of this Agreement, as, “compelled by the looming shadow of state intervention, the social partners got together and accepted each other as bargaining partners.”¹⁹

Comment: Both terms are correct, but Domineering shows a more „aggressive“ view of the public policies. The decision is upto you.

The Agreement, only one-and-a-half pages long, thus had a major impact on collective bargaining and on Dutch industrial relations in general. The basic trade-off was between wage moderation and working time. Trade unions accepted moderate wage increases and gave up automatic cost of living adjustments in several collective agreements due in 1983 and 1984. Unlike in the past, the Wasenaar and subsequent agreements did not contain a specific figure for desired or expected wage trends. The proposal was only to keep wages lower than increases in productivity while unions were to refrain from compensation for inflation. This offer would then become the basis for a so-called cost neutral reduction of working hours and job-sharing. Wage moderation

¹¹ G. Giugni

¹² Drafted in consultation with social partners or reproducing the content of national agreements, e.g., the Wage Protection Act in 1975.

¹³ G. Fajertag and P. Pochet

¹⁴ F.A.G. den Butter

¹⁵ The FNV confederation vetoed a national agreement on wage moderation and working time in 1979.

¹⁶ idem

¹⁷ In such a model the stock of capital equipment is supposed to consist of vintages of investment goods each of which has its own technical coefficients. Increases in the real product wage surpassing the growth of labour productivity embodied in the capital goods result in a reduction of the economic lifespan of capital goods and the related number of jobs. Such a reduction explained the fall in employment. The concomitant increase in average labour productivity, as a consequence of scrapping capital goods with a relatively low labour productivity, explained the further growth of output.

¹⁸ J. Visser and Hemerijck.

¹⁹ idem

resulted in restoration of profit levels and investment growth over the 1980s. By 1985, almost all cost-of-living indices disappeared and real wages fell by nine per cent.²⁰

The particularity of the Dutch approach (and the success in overcoming the crisis) is to be found in the institutional arrangements of industrial relations. Through dialogue in bodies such as the bipartite Labour Foundation or the tripartite Economic and Social Council,²¹ it was possible to avoid social unrest and obtain public support for policy measures. In fact, these two social dialogue platforms were also created as a result of a national emergency and post-war reconstruction efforts in 1945 and 1950, respectively. The Dutch case also shows that nothing is granted in the social dialogue process.²² Its strength is in its capacity to adapt to changing economic and political environments: viewed from the distance of a quarter of a century, the Wasenaar agreement seems to be just one step in the continuous adaptation process in the history of industrial relations in the Netherlands. Already in the 1990s similar interaction between the Government's intervention, or its threats, and the "tariff autonomy" of social partners (as in the 1980s) can be observed, but this story would go far beyond the scope of this publication.

Sweden represents a rather complex case of the crisis-challenged traditional industrial relations model, which took many years to adapt and find its equilibrium – typical for the Swedish model based on harmonious labour-management relations. Two major developments were behind this painful adaptation process: the unsustainable increase in taxation (the marginal rate of income tax for the average married industrial worker rose from 29 per cent in 1960 to 64 per cent in 1975), and the repercussions of the increases in the price of oil in the 1970s. Suddenly, actors of industrial relations had to "adapt their policies to a new political climate where growth is difficult to achieve, where governments will be struggling with a large public sector deficit for years to come, and where Sweden's export industries face an entirely new competitive situation in world markets."²³ The first victim of these new circumstances was the traditional Swedish centralised system of collective bargaining, based on unions' policy of wage solidarity; employers, who supported centralisation since 1950s, became increasingly critical about this system, admittedly developing into "a stiff, inflexible framework which allows only negligible adjustments..."²⁴ This stance towards the weakening of centralised bargaining was reinforced by the return to power (after decades of Social Democratic governments) of the liberals and by the emergence of new trade union groups.²⁵ However, "the combination of the abandonment of inter-professional agreement, the erosion of the Swedish model of industrial relations (particularly the weakening of mechanisms for coordinating collective bargaining), and the resurgence of industrial disputes during the 1980s led the government and the social partners to formulate new strategies in the early 1990s".²⁶ After several unsuccessful attempts to reform the collective bargaining mechanism in the early 1990s, and under the menace of government intervention, the social partners managed to sign the Agreement on Cooperation on Industrial

²⁰ M. van der Meer.

²¹ It is to be noted that the Dutch Economic and Social Council (SER) is an effective body trying to reach agreement on policy issues, not just issue recommendations as is the case with similar institutions in many other countries.

²² P. Auer, op. cit. "The problems is that one never knows; there might be a harvest of excellence but also one of misery ... most actors have been ready to take calculated risks under stress, but within the safety of strong organizational networks and institutions. It seems that the lesson to learn ... is that systems of organized consultation have much to recommend them, they are not incapable of change and learning and they promote the creation of more employment opportunities, while maintaining the basis social and industrial rights established by the post-war welfare State. "

²³ L.G. Albage

²⁴ idem

²⁵ H. Fjällström

²⁶ D. Anxo and H. Niklasson

Development (1997) which established explicit rules regulating collective bargaining and dispute settlement. The Agreement partially reversed the 1980-95 trend towards decentralisation and the weakening of coordinating mechanisms.

The abandonment of inter-professional agreements in 1983 brought greater differentiation and individualization of wages and other employment conditions, but also the resurgence of industrial conflicts and, inevitably, higher transaction costs for enterprises. Following the 1997 Agreement, we can therefore speak about the “emergence of a new type of agreement in which the employers accept a degree of coordination in exchange for a guarantee of industrial peace.”²⁷ However, even in the new negotiating system, enterprise-level bargaining retains an important role, as industry-wide agreements leave sufficient flexibility for the individualization of wage increases agreed upon at industry level. It can be therefore concluded that the need to reconcile the traditional national values with the needs of competition brought a revisited model of industrial relations, adapted to the new challenges.

Japan entered a period of prolonged recession in the mid-1970s. The industrial relations system was “based on the post-war American model but, evolving as it did in a context of cooperation, it employed very different mechanisms”²⁸ and in spite of frequent disputes was not comparable to the antagonistic tradition of industrial relations in the USA. The system has been coordinated through the process of annual spring bargaining rounds. Also, the State remained a major protagonist. The crisis of the mid-1970s put the system under a severe test: it brought about structural changes, and in many industries such as steel, shipbuilding or engineering, severe problems of redundancy appeared. However, unlike most other industrialized countries, Japan managed to go through this period without persistent inflation, high unemployment and numerous strikes. Some observers think that the Japanese system of collective bargaining, complemented by an elaborate joint consultation system, facilitated the transformation and modernisation of the Japanese economy during this period without major social conflicts. “The industrial relations system in Japan can take the credit for facilitating the adjustment of the economy to radically changed circumstances. ... far from obstructing the Government’s anti-inflationary policy, it has proved to be a powerful pillar of support for the national economy in the past critical decade.”²⁹

The **United States** was hit by the dismal performance of the economy in the 1980s, followed by weak recovery. Due to government deregulation, combined with severe foreign competition which required innovations and cost cuts, the pressure on the industrial relations system was enormous. Concession bargaining was largely adopted; the dominant questions were how best to provide *job security* and *income security*; many of the concession bargains of the 1980s drew on well-known techniques for coping with economic adversity – advance notice of change, retraining, severance pay, early retirement bonuses, work-sharing, interplant transfers, moving allowances, supplementary unemployment benefits, attrition clauses and guaranteed annual wage.³⁰ Similar to current developments, much attention was drawn to the automobile industry because of the introduction of new adjustment techniques: for example the 1984 agreements at GM and Ford creating a “job bank” for displaced workers.³¹ The scheme guaranteed workers their normal pay and the possibility of retraining, transfer to another plant or another job, or to replace workers on leave. At Chrysler, to avoid bankruptcy, the management asked for a two-year freeze on wages; the Federal Government, through special legislation, provided the company with loan guarantees. Concessions, agreed on by workers, were

²⁷ idem

²⁸ ILO, op. cit.

²⁹ T. Shira

³⁰ D.E. Cullen

³¹ Compare to recent developments in Chrysler, Ford and GM as described in Annex II.

compensated by a wide range of measures taken by management; for example, the UAW president was invited to join Chrysler's board of directors, profit-making and employee stock-ownership plans were initiated, grievance procedures were amended, etc. On the other hand, public policies on collective bargaining remained rather stable during this critical period; mandatory wage and price controls were practised only in the early seventies and the main governing statute, the National Labour Relations Act (NLRA), remained unchanged since 1974.

1.2. The Asian financial crisis of 1997-98

In **Korea**, the financial crisis in 1997-1998 seemed to be a culmination of declining economic competitiveness which began in the early 1990s. Just a month after November 19, 1997 when Korea decided to seek help from the IMF, the value of the Korean *won* fell by about 50 percent against the US dollar, and the stock market dropped some 60 percent. In fact, "the eleventh largest world economy suddenly became an economy surviving on overnight loans from international monetary institutions."³² The IMF bailout programme, accompanied by various conditions including the request to improve labour market flexibility, provided a finance package of US\$65 billion. The impact of the crisis on industrial relations was immediate; as a result of downsizing, Korean unions lost about 50,000 members during the first nine months of the crisis; they vehemently opposed restructuring programmes and mobilized their members and the general public for a series of general strikes. Nonetheless, concession bargaining became the trend, and consequently wage levels for most workers deteriorated from 1997. However, after the financial crisis the bargaining power of unions quickly bounced back and "give-back" bargaining led to wage increases of over 10 percent by 1999.

The financial crisis had a very significant impact on institutional and legal frameworks of social dialogue and on the employment relationship. It led the three actors to form the Tripartite Commission, which otherwise would not have been possible because of the hostile relationship between unions and the state. The Commission had two major objectives: to contribute to economic restructuring and to involve social partners in the revision of Korean labour law, in line with OECD and ILO standards. Indeed, these two international institutions contributed significantly to radical change in official labour policy by political pressure and technical assistance. The Commission quickly achieved a compromise on the main goals of economic reforms and on the principle of fair burden sharing (January 1998), and on major agenda items. The Government's involvement in negotiations was an important factor of success; the President personally led intensive negotiations for some time. The Social Agreement, adopted on February 9, 1998, accepted layoffs of redundant labour force as an economic reality, but also significantly enlarged workers' basic rights, substantially expanding freedom of association and the right to bargain collectively both in the private and public sectors. No doubt, this "Great Compromise" improved the government's crisis-management capacity, was instrumental in reaching national consensus,³³ and helped the country overcome the credit crunch. However, the financial crisis also had long-term impact on industrial relations. First, it reinforced the shift to industrial unions and therefore towards greater centralisation of industrial relations. Second, unlike the experience in many other countries, it reinforced long-term union membership and the unionisation ratio. In general, it increased employee interest and reliance on trade unionism.

In **Singapore**, to counter the economic crisis, the government introduced new labour policies, accelerating the adoption of the Japanese-style employee involvement

³² D.O. Kim and S. Kim

³³ Y. Ki Choi

system which involved work excellence committees, work improvement teams and quality control circles, all of which were introduced in the early 1980s. In the mid-1980s, the National Wage Council abandoned uniform wage increases, giving employers considerably more flexibility.³⁴ During the financial crisis, layoffs were minimized as a result of a tripartite agreement in which employers received financial incentives if they avoided layoffs.³⁵ Tripartite institutions, as well as ad-hoc tripartite agreements, have been very effective in articulating conflicting interests between the three parties and in formulating and implementing social and economic policies.³⁶

In the **Philippines** and **Malaysia**, as in Korea, tripartite systems were initiated to help overcome the 1997-98 financial crisis; the Malaysian Tripartite National Advisory Council was entrusted with the role of drafting guidelines on how to handle industrial restructuring and the introduction of performance-based pay. However, with the exception of Korea, these state-driven experiments turned out to have only limited impact and failed to produce lasting results.³⁷

“When the financial crisis hit **Indonesia** in 1997, it drew attention to many of the deficiencies in the country’s industrial relations system, in particular to the lack of consultations and involvement of the social partners in policy-making on labour and employment matters. But as the crisis worsened, organized labour began to push for social dialogue as a means to finding solutions to the resultant problems, such as seeking alternatives to layoffs.”³⁸ Both employers and workers provided their members with a range of services and advice to promote the search for alternatives to mass redundancies through reduction of working time, the elimination of overtime, alternating work shifts, cutting production costs and alternating home rest periods. Yet the spread and efficiency of these measures were limited, not only because of the gravity of the crisis, but also because of the fact that mutual trust and cooperation was not deeply rooted.

A tripartite meeting in January 1998 to discuss the labour market situation was the first step in promoting social dialogue as a means to dealing with the crisis. Recommendations adopted during this meeting included maximizing efforts to create harmonious employment conditions, minimizing layoffs by considering alternatives such as reducing working time, and promoting negotiations between workers and employers on the management of layoffs where they were unavoidable. The impact of these initiatives was contained by government repression and constraints on freedom of association. However, the financial crisis “precipitated many of the positive changes that eventually took place, including calls for democracy, changes in the government, requests for ILO assistance in reforming the country’s labour laws, the opening up of freedom of association which led to the creation of independent unions, and the ratification of all ILO core Conventions.

The crisis revealed that the social partners were weak, especially the trade unions and that although tripartite structures existed, they were ineffective.”³⁹ As a result, national and regional tripartite bodies were established and reformed, bipartite consultations in enterprises were introduced, a new labour dispute settlement system was created, including the creation of labour courts, and labour law was reformed in close consultation with the social partners. While the effectiveness of tripartite dialogue is criticized by some observers, it nevertheless enjoyed some success, including supporting

³⁴ M.J. Morley, P. Gunningle and D.G.Collins

³⁵ S. Kuruvilla and C.L.Erickson. Compare to current developments, Annex II.

³⁶ J. Ishikawa

³⁷ D.O. Kim. op. cit.

³⁸ P. Kelly

³⁹ idem

labour law reforms and the ratification of the ILO core Conventions, certainly also due to the direction, guidance and support the ILO provided to the process.

In several Asian countries, economic crises led to increased militancy of the labour movement, spontaneous protests and the emergence of independent unions. In the Philippines the economic crisis of the 1980s precipitated an increase in militant unionism which culminated in the democratic coup of 1986. In Indonesia and Korea, during the financial crisis, new patterns of labour protests evolved marked by cooperation between various popular non-governmental organizations and student activists. Job insecurity during and after the financial crisis increased popular support for unions, as in Korea and Taiwan. A major challenge for labour is to take advantage of this popular support to form solid and enduring formal organizations.⁴⁰

1.3. The economic recession in some African countries in the 1980s

In the early 1980s, after 15 years of economic growth and rising modern sector employment, the **Nigerian** labour market experienced a dramatic decline in employment opportunities, largely as a result of unfavourable economic conditions.⁴¹ Falling oil revenues, balance-of-payment deficit and growing debt resulted in high unemployment and a rapid decline in the standards of living. Employment security rapidly became the key theme of industrial relations in both private and public sectors, even more so because of the weak and inefficient protection provided by legislation. Whereas until the crisis of 1981 most collective agreements merely incorporated the legal principle of “last-in, first-out” or simply provided that union and management would meet in the event of redundancy, large-scale unemployment through workforce reductions made a joint labour-management approach highly desirable. In effect, many Nigerian unions raised employment security to a priority bargaining goal and devoted considerable energy, not only to persuading employers not to reduce their workforce, but also to encouraging a more positive public policy stance towards industry. Companies usually applied a variety of measures such as work relocation, training and retraining, compulsory leave with or without pay, suspension of overtime and weekend jobs, and tightening of disciplinary rules.⁴² Formal and informal collective bargaining resulted in policies – including flexibility in manpower utilisation and work rules, leave and shorter working hours, delayed renewal of collective agreements, reduction in employee compensation or early retirement and voluntary departures – all which contributed to greater job security. In the public sector, a bilateral approach to employment security issues was practically impossible because of the centralised system of wage determination and, above all, the generally unilateral attitude of governments to labour relations. The scale of dismissals and retirements escalated in the mid-1980s. Moreover, governments frequently did not pay salaries and benefits to those who retained their jobs; for several years, public salaries remained frozen and many benefits cancelled or reduced. On the whole, the main attraction of public employment, job security, was repudiated.

The Nigerian economic crisis in the 1980s had a significant impact on industrial relations. It encouraged solidarity between workers, but the failure of concession bargaining to protect jobs in the long term undermined the credibility of national union leaders among rank-and-file members; on the other hand, it led to greater involvement of local unions. The crisis also contributed to more cooperation between unions and management in their efforts to deal realistically with the employment consequences of the

⁴⁰ idem

⁴¹ T. Fashoyin. 1990.

⁴² e.g. in Cadbury Nigeria Limited, 1982-87.

recession; however, this development did not end the adversarial relations between the two sides of industry.

It should also be noted that in many African countries social dialogue could not be used as a tool against the economic crisis because of unfavourable political conditions, poor management of the economy, and excessive State control. Only fundamental political reforms could change this situation, as witnessed for example in **Zambia** in the early 1990s, where democratization of the country contributed to the establishment of an institutional framework for more consistent and efficient social dialogue.⁴³ Industrial relations has not remained stagnant, as “in countries like Zambia or Ghana with extensive privatisation of state-owned enterprises (SOEs), the industrial relations landscape has been reshaped in significant and enduring ways. Many Zambian SOEs, for instance, have been bought by South African companies, whose managers apply employment practices based on those of their parent company”.⁴⁴ In **Ghana**, “the structure of the economy and years of economic mismanagement made the economy susceptible to external shocks which came in the form of the oil crisis and the recession of the mid-1970s and early 1980s in the western industrialized countries.... To revive her ailing economy, the government has imposed austerity measures, which have shaken the foundations of the industrial relations system.”⁴⁵ The abolition or non-respect of collective agreements, the shift in bargaining power in favour of management, and retrenchment without prior consultation were among the industrial relations crisis indicators. In spite of this, the labour movement successfully fought government plans to curtail severance payments and to abandon the leave allowance.

In the **French-speaking countries of Africa**, the economic crisis of the 1980s and beyond led to profound social unrest as governments resorted to desperate solutions to reverse economic decline. The introduction of structural adjustment programmes, supported by the IMF and the World Bank, resulted in hardship for the small but strategic wage-employment sector. The workers’ desire for consultations was not always well received by governments, and the institutions dating from the colonial era were largely inappropriate and, in any event, moribund. Nonetheless, despite weak employers’ and workers’ organizations, the latter’s link with political parties, and the reluctance of governments to consult induced trade unions to seek a voice in the national economic and social policy-making.⁴⁶

1.4. Economic crises in Latin America since the 1970s

In **Latin America**, a serious economic crisis occurred from the 1970s onwards, marked by persistent inflation, the declining rate of economic growth, the critical employment situation and, in consequence, the substantial decline in real wages in all countries of the region. The persistent economic crisis induced governments’ renewed interest in tripartism in order to implement problem-solving policies. Comprehensive national programmes were introduced and, with encouragement from the ILO, representatives of employers and workers began participating in institutions established to address issues of economic and social development. Such institutions were created in **Brazil, Chile, El Salvador, Honduras, Mexico, Peru and Venezuela**.

For example, in 1971 the National Tripartite Commission was established in **Mexico** to enable the Government and social partners to deal jointly with the task of overcoming the problems besetting the country’s social and economic development. The

⁴³ T. Fashoyin. 2002.

⁴⁴ D. Anxo and H. Niklasson, op. cit.

⁴⁵ S. Arye

⁴⁶ T. Fashoyin. 2004

argument for establishing a National Development Board in **Chile** in 1971 underscores the belief in the usefulness of social dialogue. The decree establishing the Board stressed “the advantage of having a channel of communication between the government and the non-government sector, in order to provide information and to receive suggestions on economic policy trends and implementation.”⁴⁷ In **Panama**, the crisis of the 1970s and the 1980s did not result in renewal of concertation, despite some limited efforts, mainly because of unfavourable political conditions. “It was only in the early 1990s that the phenomenon of social dialogue came fully into its own ... giving rise to processes of national consultations that were strongly linked to the political changes taking place in the country”,⁴⁸ especially the first democratic elections in 1994, following 21 years of dictatorship. “The continuing social imbalances, together with social unrest ... bore witness to the persistence of a social crisis and to the emergence of another crisis, this time institutional, namely the governance crisis. These crises, which jeopardized the achievements in other spheres, had to be overcome as a matter of urgency.”⁴⁹ This urgency led to a series of “Bambito meetings” which set the basis for many economic and social reforms in the country.

In the Caribbean region, **Barbados** is unique for its relatively stable and democratic political system, having enjoyed economic stability since its independence in 1966. However, after years of steady growth, the Barbadian economy experienced an unprecedented economic crisis at the beginning of the 1990s, accompanied by a steep rise in unemployment, accelerated inflation, a sharp drop in foreign exchange earnings, and a decline in the country’s foreign reserves, to which the Government had to react by set of emergency policy responses. While it would be incorrect to imply that the crisis was at the origins of social dialogue in Barbados, it had, however, important implications both on the form and the content of industrial relations.

The country was relatively well prepared for national level “crisis” negotiations, as it had a history of tripartite cooperation, specifically since the 1970s. The National Economic Consultative Council (NECC) was meeting on an ad-hoc basis, like other dialogue fora set up to address specific issues. When the economic crisis became a serious problem, tripartite cooperation intensified significantly. Between 1991 and 1998, a series of tripartite agreements were reached which constituted a fundamental development in industrial relations in Barbados.⁵⁰ Those agreements (“protocols”) – similar to a series of documents signed from the mid-1980s in Ireland – reflected the changing needs of the economy and society as such. While the first protocol covering the period of 1993-1995 represents a package of measures to redress specific economic problems and their social consequences (for example, by drastically limiting wage and price increases), the second, covering the years 1995-1997, agreed to in the period of relatively improved economic situation, intended to reinforce and consolidate the gains achieved through the first protocol. The third protocol, the Protocol for the Implementation of a Social Partnership, moved beyond narrow economic concerns to address the new issues associated with globalization, to stabilize the industrial relations climate and to consolidate social dialogue through tripartite consultations. It can be concluded that “through collective bargaining the parties avoided destructive confrontations in labour/management relations”⁵¹ and that the crisis of the early 1990s contributed to the further reinforcement of national level consultations, profitable for social and economic stability.

⁴⁷ idem

⁴⁸ M. Rueda Catry

⁴⁹ idem

⁵⁰ T. Fashoyin. 2001

⁵¹ idem

1.5. Economic challenges in Central Europe in the early 1990s

The transition from a centrally-planned to a market economy, while beneficial in the longer term, resulted in “the transitory decline of GDP, industrial production and productivity, drops in real earnings and the standards of living, in rapid growth of unemployment and poverty, while the growth rate of consumer prices remained on a two-digit level. This situation involved the danger of increasing social tensions, even – in an extreme case – the risk of social explosion too.”⁵²

One of the strategies for coping with the transition-related risks in **Czechoslovakia, Hungary and Poland** was the creation (as early as 1988-92) of representative tripartite councils at the national level,⁵³ with the very pragmatic objective of involving the newly created employers’ and workers’ organizations in policy formulation and implementation, in nationwide wage negotiations, and in the settlement of nationwide social conflicts. The Polish Tripartite Commission for Social and Economic Affairs was established by a resolution of the Government in 1992, during the early years of economic transition, when the Government was overwhelmed by a massive and chaotic wave of strikes.⁵⁴ Despite the fact that national tripartite dialogue at this early period of transition was government driven, its positive contribution to the success of reforms is indisputable. More concretely, it facilitated a rapid transition from centrally administered prices and wages towards their full liberalization, accompanied by an upsurge of inflation with immediate heavy effects on purchasing power.

The 1991 General Agreement in Czechoslovakia envisaged 10-12 per cent decline in real wages as a consequence of price liberalization⁵⁵ and allowed for some compensatory measures, such as an increase of the statutory minimum wage. Tripartite negotiations also facilitated the transition from administrative wage regulation to collective or individual bargaining; this was a risky process, as the governments were afraid that new and unsettled employers’ and workers’ organizations would not be able to create the necessary balance of interests. In Hungary, state wage regulation was first “suspended” by a tripartite agreement in 1991 and then completely abolished on the basis of an agreement reached in 1992. In the Czech Republic, the government retained limited control on wage hikes until 1995 when state intervention was finally abandoned after many complaints from both employers and trade unions. It can be argued that, in both countries, there were no signs that negotiated wages would launch an unjustified and uncontrollable wage growth in the newly created private sector.⁵⁶

Beyond their role in national income policies, tripartite bodies in Central Europe contributed to easing the transition and mitigating its corollary economic difficulties by creating or strengthening labour institutions, adapting systems of social protection, and involving social partners in the management of various bodies in the field of labour and social affairs.⁵⁷ It is useful to note that despite frequent political changes following the electoral cycles, most of these bodies adapted to changed conditions⁵⁸ and are still functioning and dealing with new challenges,⁵⁹ despite (or thanks to) the fact that, in

⁵² L. Héthy. 2000

⁵³ National Council for the Interest Reconciliation in Hungary (1988), Council of Economic and Social Agreement in the Czechoslovakia (1990), National Tripartite Council in Poland (1992).

⁵⁴ G. Casale. 2001.

⁵⁵ H. Cornejova, M. Fassmann, J. Rusnok

⁵⁶ L. Héthy. 2008.

⁵⁷ C.Y. Matthes and P. Terletzki

⁵⁸ G. Casale, Kubinkova and L. Rychly. 2002.

⁵⁹ 8th European Regional Meeting Report, Vol. I, Part 2, 2008.

some cases, they continue to work without a proper legal basis and their continuity is guaranteed only by the joint will of the government and the social partners.⁶⁰

2. Recent developments

2.1. Acceleration of national-level social dialogue

A recent ILO survey⁶¹ which mapped the industrial relations aspects of the current crisis shows that social partners' involvement in the design and implementation of national measures as a response to the crisis has been rather limited during the first stage (summer and fall of 2008). Many governments apparently hesitated to launch nationwide debates as they feared further erosion of confidence in the national financial systems. In some cases, there were hopes that the crisis would remain limited to some sectors or regions or just to highly industrialized countries which were fully involved in the globalized economy. In others, admitting the impact of the crisis and launching public discussions was postponed for political reasons, linked to electoral cycles in some cases or to the general lack of governance transparency.

It can be stated that in most countries, with notable exceptions,⁶² the Governments' very first reaction was not to involve the social partners in crisis management. However, this picture changed considerably when the crisis deepened, bringing general worsening of business conditions and the first social impact in terms of unemployment and general insecurity (in some cases marked by signs of social unrest), when it became clear that dealing with the crisis would necessitate many painful and unpopular measures. The need to gain support for these policies and to share responsibilities became a very strong motivation resulting in many cases in a more positive attitude towards social concertation. It is evident from available information that since December 2008 and even more since January 2009, crisis-related measures have been increasingly on the agenda of tripartite or bipartite negotiations/consultations. This tendency seems to continue, considerably improving the originally dim picture.

The form and content of various types of crisis-related social dialogue are reflected in the following indicative table.⁶³

⁶⁰ Tripartite bodies in the Czech Republic, Hungary and Slovenia are based on tripartite agreements; Slovakia framed its national tripartite dialogue by law in 1997.

⁶¹ The survey was based mainly on information from ILO field offices, the media and web sites of governments, employers' and workers' organizations, as well as web sites of national consultative bodies. The results are shown in Annex I.

⁶² e.g. Belgium, Ireland or Spain

⁶³ This purpose of this table is to provide a general picture of crisis-related social dialogue, its forms and content. Taking into account the very high dynamics of developments, it cannot provide precise and up-to-date information on individual countries; its value is mainly in illustrating prevailing forms used to deal with the current crisis as well as the main focus of social dialogue in its various forms (information exchange, consultations, negotiations). In some countries, more detailed information on the content of social dialogue within national tripartite bodies was not available at the time of drafting of this paper.

Form and main focus of crisis-related social dialogue at the national-level

Country	Tr/Bi	Exp	Agr	Train	Secu	Empl	Tax	LA	Wage	E/W
Albania	x			x	x		x			x
Angola	x							x		
Armenia	x	x	x	x	x	x			x	x
Australia				x		x			x	x
Barbados	x	x				x				
Belgium	x		x		x				x	x
BiH	x		x	x	x	x		x		
Brazil						x			x	x
Bulgaria	x			x	x	x			x	x
Chile			x	x	x	x				
China	x	x		x	x	x		x	x	
Colombia	x									
Croatia	x							x	x	x
Cyprus	x	x		x	x	x				
Czech Rep.	x	x		x	x	x				x
Ecuador	x									
Estonia				x		x	x			x
Finland					x	x			x	x
France	x			x	x	x	x	x	x	x
Germany		x		x	x	x	x		x	x
Guatemala	x									
Hungary	x				x	x				x
India	x				x	x			x	
Indonesia	x					x	x		x	x
Ireland	x		x	x	x	x	x	x	x	
Japan			x	x	x	x		x	x	x
Kazakhstan	x	x		x	x	x		x	x	x
Korea	x	x	x	x	x	x	x	x	x	
Lithuania							x	x	x	x
Luxembourg	x			x					x	x
Namibia	x					x				
Netherlands	x	x		x	x	x	x	x	x	
Norway				x			x	x		x
Pakistan	x					x			x	
Peru	x					x			x	x
Philippines	x					x		x	x	
Poland	x				x	x			x	x
Romania	x			x	x	x	x	x	x	x

Country	Tr/Bi	Exp	Agr	Train	Secu	Empl	Tax	LA	Wage	E/W
Russia	x	x			x	x				x
Singapore	x		x	x		x			x	
Slovakia	x	x				x	x			x
Slovenia	x			x	x	x			x	
South Africa	x	x	x	x	x	x				
Spain			x	x	x	x		x	x	x
Sudan		x								
Tajikistan	x		x		x	x			x	
UK	x	x		x	x	x	x			x
Uruguay	x								x	
USA				x	x	x		x		x
Vietnam	x	x			x	x			x	
Zimbabwe	x	x								

Tr/Bi – crisis-related issues discussed in standing or newly created tripartite or bipartite bodies or regular conferences

Exp – crisis-related issues discussed in specific expert bodies dealing with the crisis

Agr – tripartite agreements or similar joint documents reached

Train – training measures

Secu – social security/protection measures

Empl – employment-related measures

Tax – tax-related measures

LA – specific measures related to labour administration

Wage – wage-related measures

E/W – specific initiatives taken by social partners

It does not come as a surprise that the countries with the most developed and institutionalized industrialized systems reacted quickly and proactively, with governments immediately turning to the social partners at the early stage of the crisis. In countries such as Belgium, Ireland and the Netherlands, the first critical developments were simply taken on board in ongoing regular consultations or negotiations. In Ireland, the changing economic conditions were reflected in the “transitional agreement” negotiated and signed within the framework of the joint medium-term programme, *Towards 2016*. This agreement establishes a rather moderate wage growth, and covers issues such as employment rights of temporary workers (who were the first victims of the crisis), voluntary arbitration on change at the enterprise level, as well as the government’s commitment to modernising the public service.

In the Netherlands, as in Ireland, the last rounds of yearly consultations between the government and the social partners on social and economic plans for the forthcoming years took into account the potential economic downturn. Both social partners agreed on the need to maintain purchasing power and asked the Government to postpone the planned VAT increase – aside from a series of other measures to cope with the rapidly deteriorating situation. The Dutch Government reacted quickly to the crisis by creating Mobility Centres to assist workers in their search for jobs and, as requested by social partners, introduced the Shortened Working Time to neutralize the acute drop in demand and to avoid unnecessary dismissals.

Spain was one of the first countries where the social partners began to discuss anti-crisis measures, as early as the summer of 2008 in response to the imminent crisis in the Spanish construction sector, exacerbated by external factors related to the tightening of credit conditions. The tripartite *Declaration of principles for the promotion of the*

economy, employment, competitiveness and social progress of 29 July 2008 suggested a broad range of measures targeting increased liquidity of companies, financing protected housing construction and reforming the vocational training system. This agreement also showed the limits of the compromise and highlighted the major cause of disagreements in many further negotiations throughout the world: employers were calling for greater flexibility and less costly dismissal provisions – proposals vehemently rejected by both union confederations, the CC.OO and the UGT.

In many countries, however, it took much more time for social dialogue to become part of the solution. As stated by one national union leader: “First we were told that the crisis would pass round our country. Then we were told that consequences would not be hard because we are well protected. Then they admitted that the crisis might take some time and that the worst period will be the first half of 2009. Now, we are being told that the crisis will take two, three or four years.... We have to be prepared for everything.”

This is not the exception; the crisis took many governments by surprise and their reaction lagged behind the people’s expectations. Employers and workers facing the first effects of the crisis asked the governments to take urgent measures,⁶⁴ or they themselves elaborated suggestions in areas such as tax policy, job security, wages, social protection, training, etc. In other cases, employers and workers at the national level or in the worst hit sectors such as finance, construction and the automobile industry presented joint requests to their governments.⁶⁵ Naturally, while employers’ and workers’ strategies coincided on many macroeconomic measures, in most cases they disagreed on two important points: whether (or how far) wage moderation should be applied, and whether the employment relationship should be more protected or more flexible in times of crisis. Even in the two “success stories” mentioned earlier (Ireland and Spain), social dialogue later faced serious difficulties during the stage of negotiating the sharing of crisis-induced costs.⁶⁶

When the crisis fully impacted on the real economy and its global and long-term character became evident in late 2008-early 2009, social dialogue was given a much more prominent place within national policy-making. Moreover, governments and social partners sometimes showed extraordinary creativity as regards the form and content of social dialogue dealing with crisis-related matters.

In most cases, crisis-related social dialogue was not limited to one communication channel. According to the dynamics of developments, informal and formal meetings alternated and complemented one another. However, regular tripartite and bipartite institutions proved to be very helpful in providing a reliable framework; among the countries observed by the ILO survey, the vast majority used existing tripartite or bipartite bodies to address the crisis. Not surprisingly, tripartite institutions with a negotiating mandate⁶⁷ and composed of members of cabinet and high-level representatives of social partners proved to be much more efficient in this emergency situation than large advisory or consultative councils with heavy structures, complicated procedures and limited mandates. Many countries⁶⁸ decided to entrust the crisis issues to specific bodies, some of them newly created, with the specific task of elaborating anti-crisis action plans or suggesting measures to help governments in making decisions. The motivation for such a step was not only to involve large groups of people in decision-making and benefit from their specific knowledge or experience, but also to enhance the feasibility of suggested measures, making them separate from day-to-day political

⁶⁴ e.g. in Barbados, Brazil, Estonia, Romania, Russia and many other countries.

⁶⁵ e.g. joint declaration of employers and workers of the automotive industry in the Czech Republic, 2008.

⁶⁶ <http://www.eurofound.europa.eu/eiro/2009/02/articles/es0902029i.htm> or <http://www.eurofound.europa.eu/eiro/2009/01/articles/ie0901039i.htm>

⁶⁷ e.g. in Belgium, the Czech Republic, Hungary, Ireland, the Netherlands, Singapore, Slovenia.

⁶⁸ e.g. Armenia, Barbados, China, the Czech Republic, Korea, Kyrgyzstan, Russia, Slovakia, S. Africa, Sudan, Uruguay, Vietnam.

conflicts. However, the composition of these special anti-crisis teams has been sometimes random, sometimes politically motivated, and in some cases without the participation of organized employers and workers. The status of these bodies also varies greatly, from expert teams composed of academics and government officials of various ranks, to high-level organisms created by the highest authorities of the country. Obviously, in the last case, there is the risk that these bodies might overshadow the regular representative institutions already charged with clear and incontestable political mandates.

In the large majority of cases, consultations and negotiations on crisis-related measures were based on policy documents prepared under the responsibility of governments, most often in the form of policy packages. Almost all the countries surveyed included in these packages – apart from macroeconomic measures – many provisions with a bearing on national labour policies. Practically all of them contained provisions dealing with employment, the unanimous opinion being that the key measure is to keep people employed. This is also why specific emergency support is being provided to industries directly or indirectly employing large numbers of workers, especially in the automobile and construction sectors which are particularly suffering from the credit crunch and low demand. Some employment measures look farther into the future and are intended to improve the employability of workers or promote promising new sectors, e.g. in the area of so-called green-jobs.

In most cases, social dialogue also dealt with social protection measures, either focused on concrete groups of workers or companies and provided ad-hoc,⁶⁹ or with measures to change existing legislation, for example, the laws dealing with unemployment insurance⁷⁰ or protection of workers' claims in the event of employers' insolvency. However, in the field of labour legislation there are disagreements between employers and workers, especially on the issue of regulation of dismissal, or where the proposed changes have impact on the stability of employment or on working hours. Wage policy is another area of frequent and intense national-level dialogue, especially between the social partners themselves. Governments rarely called for a general wage freeze,⁷¹ but calls for moderation and for respect of companies' capability to pay⁷² have not been rare. In some cases, the crisis was an opportunity to discuss and to adapt the minimum wage.⁷³

Most of the measures contained in the "packages" are to be implemented through individual laws and by-laws. In some countries, the adoption of a more comprehensive anti-crisis law or laws has also been considered in order to simplify and accelerate legislative procedures. As the crisis developed at the end of the budgetary year, many governments included anti-crisis policies in budget proposals for 2009; in many cases, these revised state budgets, reflecting spending on new anti-crisis measures and programmes, were also submitted to the social partners for information or consultation.⁷⁴ In many European countries, consultation on the national budget is the usual practice and a regular component of tripartism, not specifically related to the crisis.

In some cases, anti-crisis measures were embodied in tripartite or bipartite documents. Most of them (pacts, agreements, declarations, joint guidelines, opinions,

⁶⁹ For example, providing exceptional subsidies to redundant workers, e.g. glass factory workers in the Czech Republic.

⁷⁰ e.g. in Bahamas, an unemployment insurance scheme was introduced; in Romania, the unemployment benefit period was extended by three months. Spain and even the U.S. recently expanded unemployment benefits. For example, in Illinois benefits were extended to 59 weeks from 26 as apart of the stimulus measures.

⁷¹ e.g. in Croatia or Romania.

⁷² e.g. in Australia, Korea, Singapore.

⁷³ e.g. Phillippines, Portugal, Slovakia. In Estonia, the current economic downturn has led to the postponement of the national minimum wage agreement as employers emphasized that the difficult economic situation makes further increases in the minimum wage problematic.

⁷⁴ e.g. in Angola, Bulgaria., the Czech Republic, Ireland, Latvia, Romania.

etc.) are not enforceable by law but have undeniable political importance. Not only do they contain concrete recommendations for governments and social partners, but they also send important political messages in such sensitive areas as wages and redundancies, sometimes containing guidelines for socially responsible restructuring.⁷⁵ Some of them have strong ethical messages concerning mutual trust and solidarity, the protection of vulnerable sectors, or socially responsible management. Commenting on a recently signed tripartite agreement in Japan, Prime Minister Taro Aso described it as “a message to the people”.

The current crisis has undeniably a strong moral element. It is widely admitted that it is not just an ordinary cyclical recession caused by the inherent laws of markets, but rather strongly related to bad management, the lack of regulation, insufficient supervision, greed, or even clearly criminal behaviour. As put by the Secretary-General of the ITUC, there is a “strong feeling of injustice and anger”.⁷⁶ In this sense, this crisis is not just a cyclical economic phenomenon with social consequences, but a political event.⁷⁷ Thus, the solutions are seen not only in traditional macroeconomic fiscal and monetary measures or in active or passive employment policies, but also in increased responsibility of political leaders and managers of enterprises, in enhanced transparency and responsibility of governance. Many politicians, realising these moral aspects, appealed for the voluntary adoption of policies, such as limiting or avoiding redundancies, restraining from excessive wage requirements, limiting industrial actions or respecting workers’ rights and civil freedoms.⁷⁸

The crisis might also have long-term impacts on wage systems, both at the national and company levels, especially in connection with the effort to reduce risk-taking short-term incentives, but only the future will show whether the crisis-related developments will reverse the tendency towards variable pay schemes, especially in the banking sector, described in several recent but pre-crisis studies.⁷⁹ Measures targeting excesses in executive pay are popular,⁸⁰ through government measures or employers’ initiatives, as is the reduction of short-term bonuses;⁸¹ the results of these initiatives have been however mixed until now, as demonstrated recently by developments in AIG and other companies which obtained state support. Some countries such as the Netherlands where attempts to regulate executive pay are not new, the crisis accelerated the legislative process. In the summer of 2008, the House of Representatives agreed to a Government proposal to limit incomes at the top end of the salary scale. The legislative proposal includes taxing the highest incomes more heavily.⁸² Moreover, in February 2009, the Dutch House of Representatives urged the Minister for Finance to negotiate a gentlemen’s agreement with

⁷⁵ e.g. China, Singapore.

⁷⁶ G. Ryder 2009.

⁷⁷ However, the “moral” connotation is not a specific feature of this particular crisis. Already during the Great Depression moral aspects were raised, for example by the Czech industrialist Tomas Bata in 1932: “Moral poverty is the main cause of this crisis.... Many people in our country think that economic downturn can be solved by money. I am horrified by the consequences of such an error.... Confidence can be restored only by improved morals and by personal example.”

⁷⁸ e.g. Australian Prime Minister declared: “In these times, employers must do their utmost to protect their workers from dismissal, knowing that these workers will serve them well when times turn good again... Workers, too, must restrain any wage claims.” See www.workplaceexpress.com.au

⁷⁹ See <http://www.eurofound.europa.eu/eiro/studies/tn0803019s/index.htm>

⁸⁰ e.g. Finland, France, Germany, Ireland, USA.

⁸¹ See Annex II.

⁸² Extra levies would be imposed on generous severance pay of over €500,000 and large payments to pension provisions for managers of private investment funds. In effect, employers will be facing a 30% tax increase if employees earning a salary of more than €500,000 are awarded a severance pay in excess of one year’s wages. Several thousand managers will be affected by the new tax regime, which is being brought into effect from 2009. The measure will raise an estimated €60 million in revenue for the Dutch treasury. See www.eurofound.europa.eu/eiro

the banks to tighten remuneration policy at the executive level. Some companies, within the framework of corporate social responsibility approaches, took initiatives to link incentive pay to a company's long-term results in order to avoid negative long-term consequences related to rewards for short-term, high-risk gains. Others, such as Danone, decided to link the bonuses not only to financial indicators but also to qualitative performance criteria. In sum, while national policies in the area of executive pay differ, it seems that governments do not intend to set pay scales for companies, but rather provide a general framework which can be adapted to individual company needs.

2.2. Limited number of comprehensive tripartite agreements

Only in a limited number of cases did social dialogue on anti-crisis measures result in the adoption of specific, full-fledged tripartite or bipartite documents,⁸³ legally binding only in very rare cases⁸⁴ but always politically important. In this context, three recent examples of national level tripartite agreements should be highlighted because of their particular comprehensiveness.

In **South Africa**, as a joint effort of the Presidency and the national tripartite committee (NEDLAC), the Government and the social partners agreed on the "Framework for South Africa's response to the international economic crisis", built on the following principles: 1) protection of the most vulnerable groups of workers; 2) growth of the economy to increase employment and guarantee the quality of jobs; 3) high investment in infrastructure; 4) timely, targeted, tailored and reviewed interventions. Retaining and increasing employment are the core objectives of the agreement. It is estimated that through the expanded public works programme, more than two million full-time jobs for the poor and the unemployed will be created by 2014. In spite of current fiscal pressures caused by lower than expected revenues, the Government will maintain social transfers and other key social expenditures.

While the South African agreement is focussed on Government measures, the "Agreement by labor, management, civic groups and the government to overcome the economic crisis" reached in **Korea**, contains targeted objectives to be achieved through industrial relations, in particular through enterprise-level bargaining. With the objective of sharing the burden between labour and management, "labour will freeze, return or reduce wages depending upon the business conditions of their companies, while business will refrain from dismissing workers for managerial reasons so as to maintain existing levels of employment." Labour will also "refrain from strikes during the economic crisis, will not demand unreasonable participation in managerial matters, while business will try to create trust between labour and management through transparent and ethical management and faithful labour-management consultation." Similar to the South African agreement, the social safety net would be expanded to protect vulnerable groups and to remove blind spots not covered by social insurance (including protection of temporary workers and the self-employed), and the Government will promote employment – for example in the areas of health, social welfare, education, culture, the environment and community development – and will try to make these jobs sustainable. In order to "spread concession bargaining at the enterprise level, workers' and employers' organizations will provide guidance about job-sharing and job-retaining measures" to their members, and the Government will set up and operate a Crisis Support Team. A joint body supported by the Prime Minister's Office will monitor the implementation of the agreement. However, the impact of this agreement might be limited by the fact that one of the national trade union federations did not participate in the negotiation process.

⁸³ e.g. Japan, Korea, South Africa

⁸⁴ e.g. regular interprofessional agreements in Belgium.

In **Japan**, the tripartite agreement signed on 23 March 2009 assigned specific roles to the Government and to the social partners in four areas: maintenance of employment by promoting the Japanese model of work sharing (including reduced working time), expansion and strengthening of the social safety net, support for participants of vocational training programmes and employment creation, with a special focus on growing sectors such as medical services, care work, the environment, agriculture and forestry.

2.3. The crucial role of public policies supporting crisis-related social dialogue

As discussed in the section on lessons from the past, crises usually enhance the State's interest in industrial relations, which are seen either as a problem or as part of the solution. In the latter case, appropriate public policies can contribute a lot to the efficiency of social dialogue at various levels. The current crisis led many governments to intensify their appeal to social partners to negotiate or participate in joint consultations; such appeals are a usual practice in northern Europe or in France, but the crisis has led to a more proactive approach towards social dialogue and collective bargaining even in countries with less dialogue-oriented administrations, not only in Europe but also in Asia or Latin America.

Beyond this general political support, social dialogue can benefit from more concrete promotional actions. For example, when negotiating redundancies or, better yet, alternatives to them, the financial involvement of the State is the major factor for success. Following the German example of "Kurzarbeit" (which many times in the past helped in finding at least temporary solutions to enterprises' difficulties with demand fluctuations), several governments decided, in line with social partners' requests, to improve the situation of workers who were obliged to accept shorter working hours and to compensate them from unemployment schemes or from other public budgets.⁸⁵ This measure has a direct bearing on collective bargaining, as management and unions can offer employees much better pay conditions which make the deal with unions much more plausible. For example, the German State provides compensations for income losses in proportion to the regular working hours in cases of considerable reductions in working time due to economic reasons or in relation to structural changes within the company.⁸⁶

In France, the State finances payment for lost working hours. The system was significantly improved following the recent agreement between national employers' and workers' federations. In Belgium, the National Labour Office compensates temporary economic unemployment up to 75 percent of the maximum wage.⁸⁷ In the Netherlands, a recent amendment to the Unemployment Act extended the protection against partial unemployment (originally applicable only in situations of "force majeure") to the current crisis situation. In Sweden, where temporary layoffs are normally prohibited, the central social partners in the manufacturing industry signed an agreement allowing shorter working hours. According to this agreement, employees can be temporarily laid off from work while keeping their jobs and receiving at least 80 per cent of their normal salary, in proportion to the time actually worked. This agreement, however, has caused disagreements among trade unions.

It is evident that a more rapid response to the crisis was possible in those countries where the legal basis for partial unemployment compensation already existed, where the collective bargaining system was sufficiently sophisticated to include flexible working time arrangements, and where collective bargaining coverage extends to the majority of

⁸⁵ e.g. Bulgaria, the Czech Republic, Hungary, France, Netherlands, Norway, Poland, Slovenia.

⁸⁶ V. Glassner and B. Galgoczi

⁸⁷ Attempts were also made to introduce temporary employment for white-collar workers, but the negotiations between the social partners were not successful.

workers. Recent developments thus seem to confirm the hypothesis that “bargaining coordination facilitates faster and more flexible responses to shocks.”⁸⁸

As mentioned earlier, many national consultations and enterprise-level agreements deal with the issue of employability of workers.⁸⁹ Once again, this is an area where governments can greatly contribute to the deal between the two sides of industry by providing direct financial contributions or tax incentives to employers and/or workers.⁹⁰ These deals can also be supported by appropriate legislation, easing the interruption of careers by extending social and pension insurance for workers on training schemes,⁹¹ by including training (accredited by relevant authorities) in the public work programme, etc. For example, Italy established a Fund for Employment and Training financed from the Employment Fund, and the Fund for Underdeveloped Areas (*Fondo per le Aree Sottosviluppate*).⁹² In France, the State will contribute 1.5 billion euros into the *Fonds d'investissement social (FISO)*, destined to support retraining during the crisis period.⁹³ At the tripartite employment summit on 12 January 2009, the UK Government announced introduction of “employers’ Golden Hellos”, incentives of up to £2,500 paid to employers to recruit and train unemployed people. In Romania, the Government decided to co-fund 50 per cent of the costs of vocational training provided to unemployed people and employees.⁹⁴ The Government of China announced that the vocational training programmes will expand to bring the total number of skilled workers to 110 million nationwide according to the plan for reducing unemployment in 2009-2010.⁹⁵ Actually, using the period of low demand for the upskilling of workers and thus increasing their chances in the labour market has been one of the most frequently used anti-crisis measures, discussed between social partners themselves and with the State. The loss of skills from downsizing has been identified as one of the biggest threats posed by the crisis in many countries such as Germany, South Africa and the UK.

No doubt the management of the crisis and its impact will require extraordinary efforts from public authorities in general and from labour administrations in particular. The social partners in many countries count the improvement of public administration services as one of their objectives. Public employment services, labour inspectorates and vocational training institutions are particularly concerned, as rapidly rising unemployment creates new challenges for active employment policies in terms of massive restructuring and redundancies affecting specific industries, regions and categories of workers such as agency workers, fixed-term employees, migrants and young workers. Not surprisingly, the need for more efficient and innovative functioning of job centres has been part of consultations. In many countries the national authorities have already taken various measures to strengthen national employment services, for example by increasing the number of staff members to reduce unemployment insurance processing time and to improve counselling services,⁹⁶ by assisting with the repatriation of returning overseas workers,⁹⁷ or by restructuring the system for better efficiency.⁹⁸

⁸⁸ T. Aidt and Z. Tzannatos

⁸⁹ e.g. in Albania, BiH, Bulgaria, China, Cyprus, the Czech Republic, Estonia, France, Ireland, Italy, Kazakhstan, the Netherlands, Singapore, South Africa, Spain, UK.

⁹⁰ e.g. in Romania the State co-funds 50% of training costs.

⁹¹ Bulgaria

⁹² www.eurofound.europa.eu/eiro/2008/12/articles/it081209i.htm

⁹³ *Le Monde*, 10 April 2009.

⁹⁴ www.eurofound.europa.eu/eiro/2009/02/articles/ro0902039i.htm

⁹⁵ *Asia Pulse*, 13 April 2009.

⁹⁶ e.g. 1,400 additional staff members are being hired in Spain, 320 in Norway.

⁹⁷ e.g. in the Philippines.

⁹⁸ France merged the administration of employment services and unemployment insurance.

In order to help unemployed people back into employment as soon as possible in the Netherlands, in December 2008 the Dutch labour ministry decided to establish 30 mobility centres, promoting cooperation between companies, trade unions and job-finding organisations.⁹⁹ The UK Government introduced a government-funded scheme that offers individual job seekers one-to-one support and training tailored to their needs (Jobcentre Plus).¹⁰⁰

Similarly, labour inspection is facing crisis-related challenges, particularly in the employment field as regards control procedures for termination of employment for economic reasons or addressing unregistered or illegal work, often connected with return of migrant workers.¹⁰¹ Some countries are therefore strengthening their inspection services to prevent social dumping.¹⁰² In Ireland, the new National Employment Right Authority (NERA) created in 2008 focuses on wage arrears.¹⁰³ In those countries where labour inspection is involved in industrial relations, such as Spain, inspectors are increasingly involved as mediators in collective bargaining and industrial conflicts. However, the crisis may also reinforce the tendencies already existing in some countries to restrict the number of inspection visits, under the pretext that they create an additional burden for the enterprises. In the long run, the major crisis-related risk for labour administration is linked to major budget cuts that can be expected following the huge investments involved in stimulus packages. The squeeze on public expenditure may result in cuts in the number of labour administration staff, in higher turnover caused by employment insecurity and low salaries, and thus in worsening of the quality of services provided.

2.4. Mixed picture of enterprise-level collective bargaining

At this stage of the crisis, it is too early to identify general trends or major changes in crisis-related enterprise or sectoral collective bargaining, and it is even more difficult to assess the impact of the crisis on national bargaining systems. Most sectors and enterprises where collective bargaining is practised are still covered by collective agreements negotiated before the summer of 2008. Despite an increasing number of more comprehensive analytical studies suggesting widespread wage moderation, the aggregated impact of bargaining in the new circumstances on wages and other working conditions will not be known before the end of this year (2009) or even later.

However, developments reported from all regions and especially from the most affected sectors (finance, automobile, construction, steel, transport, tourism, mining, retailing, textile and garment, temporary work agencies, export-oriented manufacturing, services) show that *job security, linked to income security, is becoming the crucial issue on the bargaining agenda* in many enterprises.

⁹⁹ www.eurofound.europa.eu/eiro/2009/01/articles/nl090149i.htm

¹⁰⁰ www.eurofound.europa.eu/eiro/2008/12/articles/uk0812039i.htm

¹⁰¹ Migrant workers seem to be one of the victims of the crisis in both developed and developing countries. Unemployment or cutting the quotas for foreign workers might have significant impact on sending countries; based on Human Rights Watch data, some 3.5 million Uzbeks are working abroad, 80% of them in Russia. In the Czech Republic, foreign workers from Mongolia, Ukraine and Vietnam, many of them agency workers, lost their jobs right at the beginning of the crisis. The Government offered free return tickets and a bonus of 500 euros to those who would return to their home country. Japan introduced an emergency scheme, offering \$ 3,000 towards air fare, plus \$2,000 for each dependent, addressing mainly blue-collar Latin American guest workers. See www.nytimes.com/2009/04/23/business/global/23immigrant.html

¹⁰² e.g. Norway.

¹⁰³ <http://www.eurofound.europa.eu/eiro/2009/02/articles/ie0902029i.htm>

As shown in Annex II, collective bargaining in many important enterprises in all regions and in the public sector deals with the urgent need to cut costs, including wage costs.

The measures suggested by management, and in many cases bargained with unions, include:

- Freeze or reduction of wages, including postponement or elimination of bonuses and, in some cases, reduction of executive pay. Changes in company wage structures.
- Shorter or more flexible working hours, paid or unpaid leave, sabbaticals and other career breaks, working hours accounts, limiting or cancelling overtime or elimination of overtime bonuses, or even shorter breaks for workers.
- Redundancies – forced or voluntary.
- Buyouts.
- Voluntary retirement.
- Reduction of contributions to health and pensions schemes.
- Elimination of job banks.
- Compensation via shares.
- Provision of training.
- Possibility of rehiring.
- Job security for a certain period.
- Social peace as a condition for government loans.

Wage moderation or even wage freeze or wage cuts are required in many enterprises. However, especially at higher negotiation levels, both partners often agree that purchasing power must be maintained in order to boost demand;¹⁰⁴ there are reports about recent sectoral wage agreements envisaging wage increases despite the crisis.¹⁰⁵ Nevertheless, in many cases there is pressure to renegotiate pre-crisis wage agreements, “taking into account new circumstances”. In some agreements, social partners introduced clauses which enable the renegotiation of agreements in case of changed economic conditions. In some cases, “voluntary” wage concession by unions are reported to have saved companies from the threat of bankruptcy, or facilitated finding an investor.

The trend towards wage moderation as part of concession bargaining seems to be confirmed by the initial surveys from different regions. The 2009 survey on the prospects of industrial relations elaborated for the Korean Ministry of Labour and the Korea Labour Institute¹⁰⁶ shows that both employers and workers share quite pessimistic expectations, especially in terms of employment insecurity due to the economic recession. A majority of respondents (70 per cent employers, 60 per cent workers) responded that it would be desirable to freeze or cut the wage level for 2009. Both parties agreed that labour and management should focus on employment security, refrain from wage increases and find

¹⁰⁴ e.g. employers and unions in the metalworking industry in Austria.

¹⁰⁵ e.g. in the metalworking industry in Bulgaria and in Germany, or in German railways. See <http://www.eurofound.europa.eu/eiro/2008/12/articles/de0812049i.htm>
<http://www.eurofound.europa.eu/eiro/2009/01/articles/bg0901059i.htm>
<http://www.eurofound.europa.eu/eiro/2009/02/articles/de0902039i.htm>

¹⁰⁶ The survey was executed by the Matrix Corporation among 500 employers and 500 employees of companies with over 100 workers.

solutions using reduction in working time, unpaid rotational leave with job training, cut in nominal wage and regulated layoffs.

A recent survey by Towers Perrin shows that 82 percent of respondents revised their remuneration policies and took cost-saving measures, including revision of wages (21 per cent), freeze of wages (18 percent) or reduction of wages for newly hired workers (4 per cent). Wage increases, initially fixed at 3 per cent on average, were reduced by 0.5 percent. However, the attitudes vary from extreme rigour to simple prudence, depending on the industry and enterprise. According to the same study, enterprises facing the crisis try to maintain internal cohesion and solidarity by granting the same wage increases to all categories of workers.

The problems faced by small and medium-size companies seem to be similar, if not worse. As per the survey conducted on 475 SMEs done for the Irish Small Firms Association (SFA), 30 per cent of companies have been forced to make redundancies while 28 per cent expect to do so during the next quarter; in addition, 63 per cent of companies have stopped recruiting. To face economic difficulties and avoid layoffs, nearly 70 per cent of small firms expect to introduce a pay freeze in the next three months, while 23 per cent will cut wages.¹⁰⁷

The fact, that many companies are facing or planning restructuring seems to be confirmed, for example, by the survey organized among Belgium companies by the human resource consultancy SD Worx.¹⁰⁸ According to this survey, half of the companies expect to undertake restructuring in 2009; smaller companies however seem to be less concerned by restructuring processes. These restructuring processes include mergers, closures or internal company changes which may or may not involve staff cuts. As indicated by the Belgian authorities, the number of bankruptcies during the first three months of 2009 increased by nearly 20 per cent compared to the same period in 2008.

In spite of major economic difficulties, many employers prefer temporary work stoppages, obligatory leave, cancellation of overtime, drastic shortening of working hours and other forms of interruption of production, to immediate layoffs.¹⁰⁹ Many of them experienced important workforce shortages just before the crisis started and had to invest in employee training, accommodation or transportation; they therefore prefer to keep their employees in case the demand grows again soon.¹¹⁰ Avoiding layoffs actually might save costs in the long run as productivity tends to be higher under the work sharing programmes than it is after layoffs and “when the company decides to ramp up production again and does not have to hire and train new employees...”¹¹¹ However, as discussed earlier, the success of partial unemployment is linked to the capacity of the State to assist companies and workers by means of passive and active employment policies. Since the crisis started, several governments decided to strengthen the security component of the *flexicurity* approach; for example the Spanish government is considering temporarily extending unemployment benefits to three years from two;¹¹² based on a large political compromise, the Czech Republic envisages to make unemployment benefits more generous. In Japan, financial aid to jobless workers is part of the rescue package. In the United Kingdom, the government announced a £500 million

¹⁰⁷ See www.irishtimes.co/nespaper/breaking/2009/0310/breaking20_pf.html

¹⁰⁸ See <http://www.eurofound.europa.eu/eiro/2009/02/articles/be0902069i.htm>

¹⁰⁹ In support, the ILO is updating its “Guide to worker displacement: Some tools for reducing the impact on workers, communities and enterprises” by G.B. Hansen, 2002.

¹¹⁰ This is what happened in Germany and in some Central European countries after the introduction by the German government of a special prime for disposing of old vehicles. This measure quickly enabled a return to normal working time in Skoda (Czech Republic) and in Dacia (Romania).

¹¹¹ F. Reid, Director of the Centre for Industrial Relations and Human Resources, University of Toronto. See www.google.com/hostednews/canadainapress/article/AleqM5

¹¹² <http://global.factiva.com/aa/default.aspx?pp=Print&hc=Publication>

scheme to help people who have been out of work for more than six months. In Bahamas, a new unemployment insurance scheme was introduced.

For the time being, it is difficult to predict what consequences the crisis will have on national collective bargaining systems. Cases of further decentralisation of collective bargaining systems as a consequence of crisis-related pressures on flexibility exist,¹¹³ but they are probably not representative. On the contrary, in some cases of higher level bargaining, critical developments have unblocked the bargaining process and facilitated an agreement between the two sides of industry. It is not unlikely that the crisis might bring some tendency to improve the coordination of collective bargaining to avoid unnecessary industrial conflicts, to reduce transaction costs and to avoid wage undercutting, as was the case in the past.¹¹⁴

The necessity to coordinate labour conditions in multi-national companies will certainly lead to further efforts to extend collective bargaining beyond the boundaries of national states; these developments might be supported by regional groupings, as is already the case in the European Union.

Trends in trade union membership will be a crucial factor in the further development of collective bargaining. The effects of the current crisis on unionization rates are however difficult to forecast. On one hand, there are clear signs from many parts of the world that the generalized feeling of insecurity and the need for solidarity can lead to higher union affiliation and participation in union activities,¹¹⁵ similar to events during the Asian financial crisis; for example, the unionization rate increased in the United States in 2006-07.¹¹⁶ There are reports about workers joining unions in companies menaced by restructuring in various European countries. Interestingly enough, the role of unions during the crisis has been recently highlighted by many politicians and other authorities, including U.S. President Barack Obama¹¹⁷ and Pope Benedict XVI.¹¹⁸ If handled correctly, the current crisis may therefore be an opportunity for unions to enhance their authority and prestige and bring in new members. On the other hand however, unemployment, bankruptcies, mergers or structural changes are reported to have a negative effect on union density.¹¹⁹

The crisis (especially its budgetary consequences) will certainly affect employment conditions and industrial relations in the public service. Public sector workers could face freezes or even wage cuts¹²⁰ for the next several years,¹²¹ as their pay is often linked to the

¹¹³ e.g. the case of German chip-maker Infineon, which decided not to follow the provisions of a higher-level collective agreement

¹¹⁴ The Great Depression of the 1930s had led some governments to generalize the system of extension of industry-level collective agreements.

¹¹⁵ See for example “Capitalism’s crisis gives the labour movement a chance to revive and reinvent itself” in www.economist.com/business

¹¹⁶ R. Freeman, 2009.

¹¹⁷ Addressing the executive board of the AFL-CIO in March 2009, he declared: “We need to level the playing field for workers and the unions that represent their interests... I want you to know that you will always have a seat at the table.”

¹¹⁸ “The great challenge and the great opportunity posed by today’s worrisome economic crisis is to find a new synthesis between the common good and the market, between capital and labour... and in this regard, union organizations can make a significant contribution,” the Pope told directors of the Confederation of Italian Labour Unions on Jan. 31, 2009. See [www.catholicleader.com.au. /index.php?id=4722](http://www.catholicleader.com.au/index.php?id=4722)

¹¹⁹ e.g. according to estimates of the Estonian Trade Union Confederation (EAKL), the rapidly increasing unemployment rate and large collective redundancies in sectors where trade union membership is traditionally higher are causing a decline in trade union membership. Thus, trade union membership, which is already as low as 7.6% of employees, is expected to decrease even further. See www.eurofound.europa.eu/eiro/2009/02/articles/ee0902059i.htm

¹²⁰ e.g. in Estonia <http://www.eurofound.europa.eu/eiro/2009/02/articles/ee0902049i.htm> or in Ireland <http://www.eurofound.europa.eu/eiro/2009/01/articles/ie0901039i.htm>. In Slovenia, an austerity pay deal was

price index, stagnating or even falling in case of deflation predicted for years to come. Moreover, huge stimulus packages will negatively impact the public finance with budget deficits spiralling out of control, and with public sector pay accounting for an important part of public spending. Recently there have been several industrial conflicts concerning wages and restructuring, some of them aggravated by the challenges of liberalization and privatization prospects. As in the past, the consequences will be particularly important in countries where public servants are not protected by proper collective bargaining rights. However, in those countries where public servants are better protected than private sector workers, solidarity between these two groups of employees might be severely challenged.¹²²

3. Conclusions and policy options

3.1. General considerations

Current and past experience shows that the economic crisis has numerous effects on the content and form of industrial relations as well as on the behaviour of its actors and of the State.

These effects can be rather paradoxical. On one hand, economic constraints, especially if the result is downsizing, increase tensions between the two sides of industry. They also have an impact on the balance of power, as job insecurity reduces the chances of industrial action. Structural changes may also affect the capacity of employers' and workers' organizations to represent their constituents in affected sectors. On the other hand, economic hardship helps to bridge the interests of employers and workers, as their short-term interests – usually contradicting – are overshadowed by shared long-term concerns about the survival of companies or whole industries. As seen in many studies, strike activities generally vary according to the business cycle.¹²³ It seems that the propensity to strike is related to the divergence of expectations between employers and unions, which reaches a maximum in the boom of the cycle.¹²⁴ Another reason for lower strike activity during the crisis seems to be the fact that, in a recession, the reduced expectations of workers facilitates internal consensus within their unions, and the fear of job insecurity leads unions to seek a more consensual relationship with both management and the government.

Collective bargaining during the recession – so-called “concession bargaining” – can therefore lead to compromises, trade-offs and win-win agreements that would be difficult to imagine in the period of economic stability and growth. It should be noted, however, that this type of bargaining, obviously more frequently used during the crisis

signed in February 2009 in order to reduce the growth in wages in the public sector envisaged for 2009. See also “A common economic crisis but contradictory responses: The European experience 2008/2009”, by R. Kyloh and C. Saget (ILO).

¹²¹ e.g. Greece is considering a wage-freeze of public servants' pay and one-off tax on high salaries; similar measures are envisaged e.g. in Ireland, Lithuania or in the UK.

¹²² “It is unacceptable that the public sector should not share this pain. There is already an apartheid between the public and private sectors on pensions. We cannot have apartheid on pay, too.” D. Frost, Director-General of the British Chamber of Commerce.

¹²³ e.g. as noted by Wilke with relation to the experts' meeting on the impact of the labour market crisis on the conduct of industrial relations: “A notable feature of our preparatory conversation in 1978 was the general astonishment about the obvious lack of disruptive action of organized labour in response to the most severe labour market crisis in the post-war period. The apparent inability of governments to stabilize their shaky economies and of private enterprise to secure the jobs of millions of people failed to provoke violent attacks from organized labour on the established prerogatives of economic and political decision making”.

¹²⁴ *idem*

period, exists occasionally regardless of the general economic situation. As observed in several research studies,¹²⁵ it can hardly be considered a long-term strategy; rather, it creates a new, temporary, more consensual, less adversarial system of industrial relations, weakening the struggle for power which is an inherent characteristic of labour-management relations. However, the evidence shows that collective bargaining is “responding pragmatically to the conditions of the economic environment, and that when the economy regains its health, collective bargaining will return to its former aggressive and adversarial self.”¹²⁶ Let’s add: which does not preclude pragmatic and more or less durable adaptations of whole industrial relations systems, as witnessed for example, in Sweden in the 1970s-90s (previously discussed).

Also at the national level, serious economic difficulties and other exceptional situations may require solutions reaching beyond the partial interests of employers and workers, and sometimes even across the political spectrum – solutions in favour of the public interest. The feasibility of reforms – especially pro-growth and anti-inflationary fiscal and monetary measures, measures aimed at reductions in public expenditure, reform of social protection or of labour markets policies, privatization or adoption of investment incentives – may be facilitated by improved communication between the State and the social partners. Moreover, some economic objectives, typically those related to income policies combating inflation and increasing competitiveness, can be successfully implemented only with the cooperation of employers and workers, or at least be tolerated by both parties. Not surprisingly, in the critical periods, *the State tends to intervene in various ways in industrial relations*, which in extreme cases may raise questions concerning the compatibility of such actions with international standards or national laws concerning the freedom of association and the right to bargain collectively.

There is nevertheless a huge difference between the logic of collective bargaining between management and labour, and the logic of national-level tripartite social dialogue. While collective bargaining is based on differences of interests and the struggle for power between the two sides of industry, with cooperation often limited to crisis periods, at the national level the State should have a permanent interest in cooperating with representatives of employers and workers, representing the two major societal groups involved in the production of national wealth. Social dialogue should be the part of governance of any sensible government. But this wisdom is not always applied and, as noted by Gerhard Wilke many years ago, “usually, in a recession, politicians in order to allay restive unions and to reduce losses in mass support, accept bargains which may be symbolic *prima facie* but which imply obligations in the future. Extending, e.g. tripartite arrangements to ever more issue areas including legislation, is intangible at the moment but will have its tangible effects over time.”¹²⁷

It can therefore be argued that *industrial relations at the enterprise and national levels is not merely a passive object* of developments related to the crisis; quite the contrary: *it can be a useful policy tool* which can help mitigate social hardship and facilitate recovery measures, and most of all help rebuild confidence which is the crucial condition for returning to normal economic conditions.

3.2. Lessons from the past and the current crisis

From the past, we can learn that economic crises have seriously shaken, or even temporarily disrupted industrial relations in many countries in the world, including the most advanced countries with old traditions of social dialogue. However, in countries

¹²⁵ e.g. D.E. Cullen, 1986.

¹²⁶ M. Derber.

¹²⁷ G. Wilke and E. Tarantelli

with well-established labour institutions, social dialogue, sooner or later, managed to adapt to new circumstances, playing a considerable role in renewing economic stability and growth. This is also the case in countries transitioning from the planned, to the market economy, where social partners' organizations were established on a sound, democratic basis and where governments showed the political will to involve them in the design and implementation of economic and social reforms. In some countries with non-existent or fragile social dialogue traditions, past crises served as catalysts to the creation or strengthening of social dialogue institutions; however, these achievements in some countries did not sustain the return to normal economic conditions. In some countries, the crisis increased the authority of trade unions and the interest of workers in their functioning. National economic emergencies in most countries generally increase the interest of governments in industrial relations and their involvement in procedural and substantial rules governing relations between employers and workers and employment conditions.

From the current crisis, we learn that the social partners' involvement in the design and implementation of national measures in response to the crisis has been rather limited, at least at its first stage (September-November 2008). Nevertheless, there are clear signs that crisis-related measures are increasingly on the agenda of national tripartite bodies or ad-hoc meetings organized with the participation of social partners. In many countries, national employers' and workers' organizations criticized the government for inadequate and slow reaction; sometimes they joined together in voicing this criticism.

At the enterprise level, sacrificing pay and benefits to save jobs, seems to be a widespread response by trade unions and workers to the deteriorating economic climate. This tendency, evident from the individual cases included in Annex II, seems to be confirmed by several more comprehensive recent studies. At the national level, however, positions on income policies are divided; while some governments insist on wage moderation, others prioritize maintaining of purchasing power and demand.

The current crisis underscores the importance of the regular employment relationship with regards to workers' protection in times of crisis, as often, atypical and other temporary workers are the first victims of downsizing. Workers whose employment was arranged through illegal job brokers are a particularly vulnerable group. The impact is heavier on outsourced workers in small and medium-sized companies.

The uncertainty about future employment prospects is one of the key features of industrial relations during the crisis period, as concession bargaining can only be successful as a transitory strategy. If concession does not prevent redundancies in the long run, this strategy is in danger of weakening the unions that took the risk and recommended it to their members. This crisis was not sparked by low wages and therefore concession bargaining, while beneficial in a concrete company, should not be transformed into a general wage freeze policy.

3.3. Policy options

- In dealing with the current global financial and economic crisis, governments and the social partners should give priority to negotiated solutions. Social dialogue and collective bargaining have a special importance at this time and must be promoted as tools not only for handling the social consequences of the crisis but also for addressing – through improved governance – its causes and re-establishing economic growth and stability. Where negotiations are not practicable, other forms of social dialogue should apply, such as consultations or simple exchange of information.
- Anti-crisis packages should comprise a balanced set of policies focussing on vulnerable groups such as temporary workers, the self-employed and migrant

workers. Social safety nets should be extended and gaps in social security systems filled. Specific measures should be taken in favour of workers in atypical employment relationships in order to guarantee employment security and incomes. The packages should promote social cohesion and solidarity between the different categories of workers.

- At the national level, existing institutional framework, as well as newly established consultative bodies, should be used to identify appropriate national policies and their implementation. Where these bodies do not exist, ad-hoc high-level meetings should be held to exchange information and consult or negotiate policy measures. Representative organizations of employers and workers should be consulted on legislative and other anti-crisis measures concerning their interests. Where specific anti-crisis expert bodies have been created, they should not replace functioning tripartite or bipartite organisms.
- It is crucial to build and maintain mutual trust between the State and the social partners and among the social partners themselves, to prevent social unrest, avoid damaging industrial actions and maintain social cohesion. Democratic policy-making and transparency of governance have a special importance in these circumstances.
- Measures should be taken to guarantee impartial and efficient judicial, as well as extra-judicial proceedings, to deal with individual and collective disputes, especially in connection with layoffs and wage arrears.
- Labour administrations systems should be reinforced to ensure the implementation of measures to combat the crisis and its social consequences and to provide services to employers and workers; public employment offices and labour inspection bodies should be strengthened.
- At the enterprise level, the exchange of information, consultation and collective bargaining are essential to avoid or mitigate the negative consequences of crisis-related developments. The State and higher bodies of employers' and workers' organizations should assist enterprises in finding solutions and alternatives to cutting jobs and in providing necessary support to workers losing employment and income.
- It is vital to create, preferably jointly between the State and the social partners, effective mechanisms to monitor crisis-related developments on the labour market as they unfold as well as their social impacts. The efficiency of policy measures should be evaluated regularly, taking into account the opinions of the social partners.

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Annex I. National-level cases, 2008-09

Country	Framework	Agenda	Comments
Albania	<ul style="list-style-type: none"> National Labour Council 	<ul style="list-style-type: none"> Impact of the crisis on fashion production State support to vocational training of new staff Regular supply of electric power 	<ul style="list-style-type: none"> Consultations were based on a report presented by employers. The business community proposed fiscal amnesty, channeling hidden capital to the real economy, and reducing the VAT in construction Reduction of social security payments by employers by 5% was approved Employers also asked for the accelerating of the establishment of administrative courts to speed up legal procedures
Angola	<ul style="list-style-type: none"> National Council of Social Concert 	<ul style="list-style-type: none"> Adjustment of national budget Enterprise promotion and incentives Rationalization of public expenditure and reduction of expenses 	<ul style="list-style-type: none"> The social partners expressed their "availability in mobilizing synergies to reduce the impact of the crisis"
Armenia	<ul style="list-style-type: none"> Business Council Bipartite ad-hoc commission 	<ul style="list-style-type: none"> Package of measures to support the banking sector and other industries Labour code implementation during layoffs 	<ul style="list-style-type: none"> Consultations between the Government and employers Limiting redundancies in the mining sector by using partial unemployment schemes Unions pushed for adopting a crisis response programme
Australia		<ul style="list-style-type: none"> Wage moderation IR legislation Protection of workers in case of dismissals 	<ul style="list-style-type: none"> Diverging opinions between Government and social partners The Government has called for wage cuts to save jobs
Bangladesh	<ul style="list-style-type: none"> High-level task force under the Finance Minister to deal with the crisis 		
Barbados	<ul style="list-style-type: none"> Special Working Group on the Economy Newly created Council of Economic Advisors 	<ul style="list-style-type: none"> Package of measures including avoidance of layoffs through flexible work and shorter working hours, encouraging harmonious industrial relations and the strengthening of social partnership 	<ul style="list-style-type: none"> Short and medium-term action plan to tackle the financial crisis
Belgium	<ul style="list-style-type: none"> National consultative bodies 	<ul style="list-style-type: none"> Salary increases Social security charges 	<ul style="list-style-type: none"> Inter-professional agreement 2009-2010, to balance

Country	Framework	Agenda	Comments
	<ul style="list-style-type: none"> Frequent ad-hoc tripartite consultations with the Government (Prime Minister) as mediator 	<ul style="list-style-type: none"> Income support to some categories of workers Indexation of gross incomes unchanged 	<ul style="list-style-type: none"> competitiveness, purchasing power, and employment in times of crisis Disagreement of social partners over the future of automatic wage indexation system
Bosnia and Herzegovina	<ul style="list-style-type: none"> Economic and Social Council 	<ul style="list-style-type: none"> Rationalization of public administration Accompanying social measures including pension reform; loan and incentives and education Avoidance of layoffs Collective bargaining agreement revisions 	<ul style="list-style-type: none"> Social Agreement for 2009-2010
Brazil	<ul style="list-style-type: none"> Ad-hoc meeting between President Lula and the social partners 	<ul style="list-style-type: none"> Massive layoffs and other impacts of the crisis 	<ul style="list-style-type: none"> In December 2008, unions presented a unified list of 18 proposals to combat the crisis, including increases to the minimum wage, income tax reductions and a reduced working week without reduced pay In Sao Paulo, employer and worker talks took place to discuss alternatives to dismissals Unions divided over the question of concession bargaining. Such cuts were opposed, but in individual companies some agreements were reached
Bulgaria	<ul style="list-style-type: none"> National Council for Tripartite Cooperation 	<ul style="list-style-type: none"> State budget and Government anti-crisis package discussed State support for training Job creation incentives Keeping workers at work through: 160 days of unpaid leave recognized for seniority and insurance; state contributions to insurance packages; encouragement of part-time work 	<ul style="list-style-type: none"> After initial dissatisfaction with anti-crisis measures, the social partners agreed to focus resources on unemployment prevention and preserving jobs rather than compensatory measures Wage increases for 2009-2010 were agreed in the metalworking industry despite the economic crisis. Also, other conditions improved, including payments in case of redundancy and a clause on renegotiation in case of inflation above 8%

Country	Framework	Agenda	Comments
China	<ul style="list-style-type: none"> National Tripartite Consultation Committee 	<ul style="list-style-type: none"> Collaboration between employers and workers on enterprise development and the protection of workers' rights Minimizing layoffs and the social impact of the crisis through joint consultations Wages to be determined through bipartite negotiations Monitoring of wage arrears by local authorities Improvement of labour dispute mechanisms 	<ul style="list-style-type: none"> Tripartite agreement reached: "Joint Guiding Opinions on Coordinating Labour Relations under the Current Economic Situation" This agreement is to be followed by a "mutual commitment campaign" in the provinces
Croatia		<ul style="list-style-type: none"> Wage freezes suggested by the Government 	<ul style="list-style-type: none"> The Government is taking the initiative to renegotiate the national pact and conclude a new national agreement in light of the present economic circumstances The Government abandoned this plan following trade union opposition
Cyprus	<ul style="list-style-type: none"> Ad-hoc meetings in the Human Resources and Development Authority 	<ul style="list-style-type: none"> Package of government measures to support employment, minimize problems in concerned sectors combat illegal employment and provide training 	<ul style="list-style-type: none"> The social partners were consulted on these measures
Czech Republic	<ul style="list-style-type: none"> Council for Economic and Social Agreement (tripartite) Newly created National Economic Council of the Government (only experts) 	<ul style="list-style-type: none"> Wide package of economic measures including: retroactive amendments to bankruptcy and insolvency legislation; state funds to support the partially unemployed; subsidies to unemployed glass workers; subsidies for training and social security contributions 	<ul style="list-style-type: none"> The Government's proposals of measures were discussed repeatedly by the national tripartite council An additional package of measures suggested was by the National Economic Council of the Government (NERV) without involvement of employer and worker organizations The Government pushed for moderation of executive pay in state-owned enterprises (railways, airlines etc) Both employer and worker organizations put forward anti-crisis proposals. Social partners in the automotive industry presented a joint declaration asking the Government to take more proactive measures to respond to the crisis.

Country	Framework	Agenda	Comments
Estonia			<ul style="list-style-type: none"> Employers asked the government to take measures to manage the economic downturn including in areas of: fiscal policy, taxation, labour market reforms and education Social partners were dissatisfied with lack of involvement managing the crisis
Finland		<ul style="list-style-type: none"> Support package Wage freezes were proposed by employers 	<ul style="list-style-type: none"> The social partners welcomed the government's measures Employers proposed to re-evaluate the agreed pay increases for 2009 but trade unions and the Government rejected this proposal (economists were divided over this measure)
France	<ul style="list-style-type: none"> Series of ad-hoc meetings Social Dialogue Summit with the French President National Labour Council Newly created tripartite commission on follow-up to the crisis 	Package of economic measures including: <ul style="list-style-type: none"> Improved remuneration and benefits for partially unemployed workers (through agreements) Tax credits and subsidies for families and training Aid to car makers and other sectors 	<ul style="list-style-type: none"> The social partners were informed but not involved in crafting measures Decree on partial unemployment based on agreement between employers and workers "Loi des Finances Rectificative" on measures in favour of families, employees, unemployed and youth Employers took measures to regulate executive pay: "golden hand shakes" were limited to two years of remuneration and not paid out in enterprises in serious difficulty. Executive pension schemes were also more strictly regulated.
Germany	<ul style="list-style-type: none"> Series of ad-hoc meetings and consultations Job summit German Council of Economic Experts 	<ul style="list-style-type: none"> Package of economic measures were adopted after extended consultations with national employer and worker organizations Short-term worker compensation was extended from 12 to 18 months 	<ul style="list-style-type: none"> The Chancellor appealed to enterprises to voluntarily abstain from redundancies A "pilot" agreement in the metalworking industry was signed in Baden-Wurtemberg. Depending on the economic situation of a company, wage increases might be delayed by up to seven months by way of a voluntary work agreement.
Guatemala	<ul style="list-style-type: none"> Inter-ministerial crisis committee that included social partners 	<ul style="list-style-type: none"> National Programme for Economic Recovery 	

Country	Framework	Agenda	Comments
Hungary	<ul style="list-style-type: none"> National Interest Reconciliation Council 	<ul style="list-style-type: none"> Package of measures including: credit facilitation; reallocation of the European Social Fund; focus on preserving jobs; support for restructuring companies through regional crisis-management funds; wage subsidies; compensation for shorter working hours from the Labour Market Fund 	<ul style="list-style-type: none"> The package was generally supported by employers Trade unions worried about generalizing shorter working hours and thereby converting regular jobs into atypical work
India	<ul style="list-style-type: none"> The 42nd Indian Labour Conference 	<ul style="list-style-type: none"> Short-term measures include: a quarterly assessment survey; strict implementation of labour laws on layoffs; mutual consent for any changes in working conditions; broad-based social security scheme to be devised; access to credit Long-term measures include: national minimum wage to be fixed and enforced; investment in infrastructure; protection of workers outside India; investment in green jobs; promotion of agro-based industries; stimulation of domestic demand 	<ul style="list-style-type: none"> Recommendations adopted by the Conference Committee on the global financial crisis Unions adopted a declaration critical of the Government's handling of the crisis; they suggested 213 measures including: stopping layoffs and wage cuts "under the pretext of the crisis"; revising the minimum wage; stricter implementation of labour laws; increasing public investment in agriculture, education, health and infrastructure
Indonesia	<ul style="list-style-type: none"> Industrial Relations Forum National Tripartite Consultative Body 	<ul style="list-style-type: none"> Joint Ministerial Decree limiting increases in regional minimum wages Bipartite cooperation at the plant level encouraged Avoidance of layoffs, disputes, and strikes 	<ul style="list-style-type: none"> The minister for State-owned enterprises (SOEs) pledged there would be no layoffs this year (2009) SOEs employ one million workers nationwide and have been the country's economic backbone since the 1998 Asian financial crisis Bipartite forum of employers and workers established, aimed to help settle labour disputes and develop labour law reform Unions urged the government to establish a crisis centre as a forum for tripartite partners and experts to discuss layoff prevention strategies and provide businesses with loans for severance payments

Country	Framework	Agenda	Comments
Ireland	<ul style="list-style-type: none"> • National consultative bodies • Ad-hoc informal meetings 	<ul style="list-style-type: none"> • Moderate wage growth • Employment rights of temporary workers • Voluntary arbitration with respect to changes in terms and conditions at the enterprise level • Modernization of the public service • Limiting executive pay 	<ul style="list-style-type: none"> • Transitional agreement to implement the joint medium-term plan "Towards 2016" • Talks on economic recovery programme collapsed in February after the government's controversial unilateral wage freeze for public servants and after-tax levy of 7% for about 300,000 public servants • In the private sector, agreed pay increases were implemented in only a minority of companies • A joint meeting between Irish and UK unions led to the adoption of an action plan on measures to minimize the damage caused to working people: e.g. fiscal stimulus to increase demand; support to • companies facing short-term funding or cash flow problems; skills upgrading and investing in public services
Japan	<ul style="list-style-type: none"> • Tripartite agreement of 23 March 	<ul style="list-style-type: none"> • Maintenance of employment through promoting Japanese-model of work sharing • Expansion and strengthening of safety net • Support for security of living during vocational training period provided for those not covered by unemployment benefits or in long-term unemployment • Employment Creation 	<ul style="list-style-type: none"> • Joint initiative of social partners towards the Government
Kazakhstan	<ul style="list-style-type: none"> • Working group under the Labour Minister with participation of the social partners • Tripartite commission for social partnership 	<ul style="list-style-type: none"> • Memorandum signed by local administration and social partners • Prevention of mass dismissals • Employment analysis and forecasting • Training and retraining • Social protection for dismissed workers 	<ul style="list-style-type: none"> • Parallel bilateral meeting between the Government and unions on dismissals • Anti-crisis plan for 2009-2010 containing provisions on social stability • General agreement for the 2009-2011 period • Prosecutors' offices involved in ensuring the timely payment of wages • Foreseen memoranda on social partnership and maintenance of full employment in large companies

Country	Framework	Agenda	Comments
Korea	<ul style="list-style-type: none"> • Economic and Social Development Commission • Emergency Meeting of Labour, Management, Civic Groups and the Government • Series of formal and informal meetings 	<ul style="list-style-type: none"> • “Labour and management will do their utmost to retain and share jobs through efforts to share burdens. The Government will actively support such efforts...” • Expansion of social safety net to protect the poor and vulnerable • Refraining from strikes and unfair labour practices • Building trust, transparency, ethical management • Wage moderation and job security • Government support through employment policies, taxation and other measures 	<ul style="list-style-type: none"> • Tripartite-plus document called “The Agreement by Labor, Management, Civic Groups and the Government to Overcome the Economic Crisis” • Job-sharing through concession bargaining declared official policy to be implemented via a nation-wide campaign • Impact of the Agreement might be reduced because of the absence of the second largest national trade union centre, the Korean Confederation of Trade Unions • Impact might also be lessened because of unilateral wage cuts for entry-level employees by the Federation of Korean Industry and the Korean Employers’ Federation, immediately after the agreement was reached • According to the labour ministry, multiple unions will be allowed at one company by June 2009
Lithuania			<ul style="list-style-type: none"> • Unions organized a national protest action against the perceived inadequate government response to the crisis • A series of suggested measures include: increasing the minimum wage; halting the liberalization of employment relations; providing adequate unemployment benefits; levying a property tax on real estate; introducing progressive tax rates; giving a greater role to the State Labour Inspectorate in cases of dismissals and wage cuts
Namibia	<ul style="list-style-type: none"> • Consultative meeting 	<ul style="list-style-type: none"> • Exchange ideas on the impact of the world financial crisis on the local economy • Some of the suggestions include: companies should not lay off workers; big capital injections in infrastructural development; introducing investor-friendly policies; developing small and medium 	<ul style="list-style-type: none"> • Somewhat late and disorganized, as many otherwise interested people wanted to make time to attend but couldn’t do so due to an agenda that was only released on the morning the meeting • Trade and Industry Minister Hage Geingob said that what was important was

Country	Framework	Agenda	Comments
		enterprises; addressing the Tender Board's inefficiencies	'sustainability', and that there had to be a sustained effort to look for solutions to the problems caused by the recession, which could not be solved by a one-off consultation
Netherlands	<ul style="list-style-type: none"> • National consultative bodies • Informal meetings • Social and Economic Council 	<ul style="list-style-type: none"> • Agreement reached on 25 March 2009. The Dutch government will spend euro 5.5 billion (\$7.4 billion) to help the economy as part of a plan in which labor unions have agreed to ease wage demands <p>At issue:</p> <ul style="list-style-type: none"> • Consultations on social and economic plans • postponing of VAT increase • Measures to improve the public employment service • Shortened working time related measures • Dismissal legislation 	<ul style="list-style-type: none"> • Controversy between employers and workers over wage moderation and purchasing power • Social partners requested extension of temporary registration of unemployed workers until 2009 • Social partners suggested further measures including: obligatory training for unemployed workers, improved job-finding assistance; more rapid intervention; better access to credit for businesses
Nigeria			<ul style="list-style-type: none"> • Initiative of national employers' and workers' organization towards the Federal Government to tackle the crisis
Norway		<ul style="list-style-type: none"> • Concrete measures directed at specific industries (construction) • Tax measures • New rules for temporary layoffs • Funds for apprenticeships increased • PES strengthened 	<ul style="list-style-type: none"> • The government's crisis package has taken into account the demands and requests of both social partners
Pakistan	<ul style="list-style-type: none"> • Pakistan tripartite labour conference 	<ul style="list-style-type: none"> • Prime-Minister: challenges should be turned into opportunities; labour laws will be brought into line with ILO standards • The Labour Minister has been asked to elaborate a labour policy together with all stakeholders 	<ul style="list-style-type: none"> • Process criticized by national unions
Philippines	<ul style="list-style-type: none"> • Tripartite Industrial Peace Council 	<ul style="list-style-type: none"> • Avoidance of redundancies • Working time flexibility 	<ul style="list-style-type: none"> • Joint guidelines to avert retrenchments through cutting costs

Country	Framework	Agenda	Comments
Poland	<ul style="list-style-type: none"> • Tripartite Commission for Social and Economic Affairs 	<ul style="list-style-type: none"> • Subsidizing jobs using public funds • Loan guarantees to enterprises • Working time flexibility 	<ul style="list-style-type: none"> • Tripartite, but also bipartite consultations
Romania	<ul style="list-style-type: none"> • Informal meetings under the Ministry of Finance • Three tripartite working groups • Newly created National Crisis Committee (tripartite) 	<ul style="list-style-type: none"> • Large package of measures and a new state budget • Wage measures • Extension of unemployment benefits • Active employment policy measures • Boosting businesses • Reduction of central administration • Tax exemptions • Vocational training funding 	<ul style="list-style-type: none"> • Many employers' and workers' initiatives were proposed • The unions asked the President (who favored wage freezing) to refrain from intervening in dialogue between the social partners and the government. • The employers organized a round-table with experts and unions on prosperity and competitiveness for Romania's industries, dealing with issues such as: foreign investment; employment; productivity and crisis-related risks
Russia	<ul style="list-style-type: none"> • Russian Tripartite Commission • Anti-crisis commission under the 1st Deputy Prime-Minister (tripartite) • Local anti-crisis teams 	<ul style="list-style-type: none"> • Social consequences of the crisis, especially labour market consequences • Avoidance of collective redundancies • Migration issues 	<ul style="list-style-type: none"> • Unions have been systematically demanding that the government take urgent measures
Singapore		<ul style="list-style-type: none"> • Training and retraining, redeployment, shorter working hours, flexible work arrangements, wage adjustment 	<ul style="list-style-type: none"> • Tripartite Guidelines on Managing Excess Manpower
Slovakia	<ul style="list-style-type: none"> • Economic and Social Council • Newly created Anti-crisis team (tripartite) 	<ul style="list-style-type: none"> • Large package prepared by the Government (38 measures) including: focusing on keeping employees at work; preserving existing jobs; job-sharing; creating better conditions for starting businesses; reducing time for VAT refunds, etc. 	
Slovenia	<ul style="list-style-type: none"> • Social and Economic Council 	<ul style="list-style-type: none"> • A series of tripartite meetings focused on crisis-related measures including support to selected sectors and strengthening social dialogue • Three packages of measures were adopted targeting the financial sector, social security and business promotion. 	<ul style="list-style-type: none"> • A new State secretary responsible for promoting social dialogue was appointed

Country	Framework	Agenda	Comments
South Africa	<ul style="list-style-type: none"> • Presidential Economic Joint Working Group (tripartite) • NEDLAC in partnership with Presidency 	<ul style="list-style-type: none"> • Broad principles include: protection of vulnerable workers; sustainable growth and decent work; high level of investment in economic infrastructure; formalization of the informal economy; sector specific strategies; additional measures to increase the impact of the National Jobs Initiative; skills development; promotion of green jobs; stimulus package combining economic and social components; strengthening of social partnership in the agreement's implementation 	<ul style="list-style-type: none"> • "Framework for South Africa's Response to the International Economic Crisis" to be implemented and monitored through Action Plans and five Task Teams • Unions were concerned about using the crisis as an excuse to cut jobs and maximize profits, but strongly endorsed the signed agreement, avoiding the risk of unfairly placing the burden of the downturn on the poor and vulnerable
Spain	<ul style="list-style-type: none"> • Ad-hoc meetings • Series of informal consultations • Social Dialogue Monitoring Commission 	<ul style="list-style-type: none"> • Employment and competitiveness are the main priorities • Passive and active employment policies and functioning of public employment services; strengthening the liquidity of companies; funding protected housing construction, reforming the vocational training system • The social dialogue agenda for 2009 includes: improvement of public employment services and APS; regulation of redundancy procedures; unemployment protection; development of self-employed statute, including the introduction of unemployment benefits for the self-employed 	<ul style="list-style-type: none"> • Tripartite "Declaration of principles for the promotion of economy, employment and competitiveness and social progress" (29 July 2008) • There is disagreement between the social partners over dismissal provisions • There has been a standstill in social dialogue since early 2009 because of disagreement over wages: employers favour renegotiating collective agreements in force and unions insist on compensation to be in line with the government's 2% inflation forecast
Sudan	<ul style="list-style-type: none"> • High-level committee under the finance minister 	<ul style="list-style-type: none"> • Review of social and economic situation is expected to result in a set of recommendations 	
Tajikistan	<ul style="list-style-type: none"> • National Tripartite Commission 	<ul style="list-style-type: none"> • Employment measures • Protection of wages • Social protection measures, including • methodology of subsistence minimum level fixing 	<ul style="list-style-type: none"> • Tripartite General Agreement for 2009-2011 period • Implementation plan is being developed on the tripartite level
United Kingdom	<ul style="list-style-type: none"> • Series of informal meetings and consultations • Jobs summit • Low Carbon 	<ul style="list-style-type: none"> • Incentives to hire workers and extra funding for training • Business assistance • Active employment policy measures 	<ul style="list-style-type: none"> • The TUC and CBI suggested their own priorities and solutions • The TUC continued to press for legislative and policy

Country	Framework	Agenda	Comments
	<ul style="list-style-type: none"> Industrial Strategy Summit Regional Economic Council established with union presence Forums established for social partner consultations in each region Links between Regional Development Agencies and unions established 		<ul style="list-style-type: none"> change in areas including improved redundancy pay and improved administrative procedures The union criticized “hire and fire” regulations e.g. in the retail sector In Wales, the ProAct employment subsidy scheme can only be extended to employers with trade union agreements
Uruguay	<ul style="list-style-type: none"> Salary Council 	<ul style="list-style-type: none"> Through a process of dialogue, constituents set salary levels applicable during the next 30 months 	<ul style="list-style-type: none"> There is uncertainty about safeguard clauses included in agreements permitting revision in the case of significant change in economic conditions
United States	<ul style="list-style-type: none"> Frequent meetings between unions and Presidency 	<ul style="list-style-type: none"> New draft legislation that would make unionization easier: holding a secret ballot before bargaining would not be necessary; new mandatory arbitration rules for stalled negotiations 	<ul style="list-style-type: none"> Draft of the “Employee Free Choices” Bill introduced in both houses of Congress in March 2008 Considered to be the most significant pro-union reform since the National Relations Act in 1935 as part of the New Deal Business leaders have been critical of the bill Union membership in fact increased in 2008 by 428,000 new members
Vietnam	<ul style="list-style-type: none"> Cabinet meeting extended to the representatives of social partners National Industrial Relations Committee High-Level Steering committee on Industrial Relations in the National Assembly 	<ul style="list-style-type: none"> The Government is calling for efforts to prevent a recession, guarantee economic growth and apply social protection policies Minimum wage increases have been postponed as well as employers’ contributions to a newly created unemployment insurance system and contributions by foreign investors to union activities 	

Country	Framework	Agenda	Comments
Zimbabwe	<ul style="list-style-type: none"> • Tripartite Negotiating Forum 	<ul style="list-style-type: none"> • Short-Term Recovery Programme • The Government envisages that the support of business, labour and other stakeholders will lead to a social contract that will guide the formulation of national policies in response to the crisis 	<ul style="list-style-type: none"> • Resumption of social dialogue under the Tripartite Negotiating Forum to urgently address current labour market challenges • The Government recognizes the need to resuscitate the Tripartite Negotiating Forum with a view to reviving the social contract. • It also acknowledges the need to ensure that all stakeholders participate in sharing the costs and benefits involved in achieving economic recovery and stabilizing prices in a liberalized economy

Annex II. Enterprise-level cases, 2008-09¹²⁸

Company	Economic situation	Agreed solutions/ negotiated outcome	Comments
<p>1. Chrysler, GM and Ford United States and Canada Source: Bloomberg (Ford) www.bloomberg.com/apps/news?pid=newsarchive&sid=aRGO85zntJu8</p>	<ul style="list-style-type: none"> Facing insolvency from falling auto sales and declining operating cash, the three automakers received bridge loans from the US government totalling up to \$17.4 billion and have sought concessions from unions to reduce labour costs as part of their efforts to avoid bankruptcy. 	<p>A. On 9 March 2009, the United Auto Workers union (UAW) agreed with Ford to:</p> <ul style="list-style-type: none"> eliminate annual bonuses and cost-of-living pay increases; reduce layoff benefits; reduce by half the company's cash contribution to its retiree health-care trust; eliminate the so-called jobs bank; pay overtime only after 40 hours of work, which would allow for four 10-hour days without overtime; have shorter breaks for workers; forgo any cuts to core wages, health-care benefits or pensions; and cut the salaries of the Executive Chairman and CEO by 30% <p>B. In Canada, the Canadian Auto Workers union (CAW) reached a tentative agreement with General Motors on 8 March 2009 to:</p> <ul style="list-style-type: none"> freeze base wages until 2012; delay bonuses and cost-of-living adjustments; and require workers and retirees to pay a monthly health-care fee to reduce health care plan costs. 	<ul style="list-style-type: none"> Ford is also seeking to reduce its hourly employment through buyouts valued at as much as \$75,000 each. The Canadian industry minister made concessions by the union a condition for government help, which may total as much as \$5.4 billion (C\$7 billion) for GM alone. Part of the loan agreement with the US Government said that the Treasury Department could declare GM and Chrysler in default and revoke \$17.4 billion in loans if "any labor union or collective bargaining unit shall engage in a strike or other work stoppage." GM and Chrysler have eliminated their own jobs bank programmes but as of 9 March 2009 had not renegotiated a collective agreement with trade unions.
<p>2. Yellow-Roadway Corporation United States Source: Teamsters www.teamster.org/content/teamster-freight-members-ratify-ycrw-job-security-plan</p>	<ul style="list-style-type: none"> The company claims it is a victim of the tight credit market and is unable to secure financing for its large debts. Union officials warn that the company could fall into bankruptcy if 	<ul style="list-style-type: none"> Reduction in gross wages and mileage rates of 10% through 2013 (wage reductions apply to all bargaining unit and non-bargaining unit workers, including management). Annual cost of living adjustment suspended. 	<ul style="list-style-type: none"> The modifications were ratified by a 77% to 23% margin, with more than 75% of union members casting ballots.

¹²⁸ This table also includes references to public sector cases.

Company	Economic situation	Agreed solutions/ negotiated outcome	Comments
	concessions aren't granted.	<ul style="list-style-type: none"> In exchange for concessions, the company has offered the union about 15% of the company's shares in stock warrants. No change to any health, welfare and pension contributions. 	
<p>3. Essar Steel Algoma Canada</p> <p>Source: The Canadian Press</p> <p>www.google.com/hostednews/canadianpress/article/ALeqM5haqWmAAOLQvRKPs9v5DdR3Jg4FnQ</p>	<ul style="list-style-type: none"> Reduced production from weak demand for steel products prompted the company to cut costs, including through payroll reductions. 	<ul style="list-style-type: none"> 26-week work-sharing agreement is in place for salaried union personnel. Under the program, employees work four days a week while collecting government employment insurance (EI) on the fifth day. Employees receive C\$ 89 in employment insurance on their one day off per week, which works out to a pay cut of approximately 12%. More than 140 employees agreed to enter a voluntary retirement incentive program. 	<ul style="list-style-type: none"> The Canadian Federal Government's EI job-sharing plan was introduced more than 25 years ago during the 1980s recession. The 600 member local union narrowly approved the work-sharing deal, with 56% in favour and 44% against. Despite the work-sharing agreement, the company has laid off 180 workers and indicated that further layoffs would take place if there is no improvement in market conditions. Entry into the agreement is not a guarantee that the union membership will not be laid off should the current global economic crisis which has dried up steel demand, worsen. An unspecified number of non-union Essar Steel personnel (working in HR, sales, marketing and senior management) were placed on indefinite layoff until business conditions improve.
<p>4. Star-Ledger (Advance Publications) United States</p> <p>Source: NY Times</p> <p>www.nytimes.com/2008/10/09/business/media/09ledger.html</p>	<ul style="list-style-type: none"> Newspaper was on pace to lose \$40 million in 2008, as the economy slowed and the newspaper industry suffered through the sharpest drop in advertising revenue since the Depression 	<ul style="list-style-type: none"> Employees agreed to buyouts and work concessions Paper will reduce its work force from more than 1,000 people to fewer than 800 through buyouts Buyout offer was a year's salary and a year of 	

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		continued health insurance. Some 150 news staff took advantage of the buyout.	
	<ul style="list-style-type: none"> Drivers for the publisher agreed to a wage freeze. 		
5. Mitsubishi United States Source: NY Times http://query.nytimes.com/gst/fullpage.html?res=9A04E1DD1F3EF931A3575AC0A9609C8B63	<ul style="list-style-type: none"> The ratification of a concession agreement followed a decline in Mitsubishi car deliveries of 12.5% in September 2008, with light-truck demand falling 68.8% Industry-wide decline in auto sales due to a reduced consumer spending and difficult access to credit 	<ul style="list-style-type: none"> Four year contract that implements pay cuts for current Mitsubishi workers and establishes a 2-tier wage structure for new hires. In exchange for concessions, Mitsubishi guaranteed production will continue through 2012 at its assembly plant in Normal, Illinois. 	<ul style="list-style-type: none"> 54% of workers approved the agreement with 46% opposed.
6. Frontier Airlines United States Source: Reuters www.reuters.com/article/pressRelease/idUS157445+27-May-2008+PRN20080527	<ul style="list-style-type: none"> The company entered bankruptcy protection in April 2008. Frontier asked all of its employees, both represented and non-represented, to take temporary wage and benefit concessions to help the airline, among other things, secure debtor in possession financing. 	<ul style="list-style-type: none"> Wage and benefit concessions through September 2012. 	
7. Municipality of Boston, MA United States Source: Boston Globe www.boston.com/bostonglobe/editorial_opinion/oped/articles/2009/03/04/unions_should_agree_to_city_wage_freeze/	<ul style="list-style-type: none"> The city faces a \$140 million budget gap due to increased spending and limited revenue growth. The mayor said that the economic crisis required urgent action and that concessions from public workers would help save the city \$55 million. 	<ul style="list-style-type: none"> The proposal is for a wage and step-increase freeze until 2010. The freeze would prevent teachers and police officers from receiving scheduled raises of 3.5%. The mayor said that this measure is an alternative to cutting core services and layoffs. 	<ul style="list-style-type: none"> Union leaders have suggested that they would support new municipal taxes in lieu of a wage freeze.
8. JCB United Kingdom Source: World Socialist www.wsws.org/articles/2008/nov2008/jobs-n03.shtml	<ul style="list-style-type: none"> Decline in sales 	<ul style="list-style-type: none"> Working time reduction with reduced wages Reduction of weekly hours by 13% Wage cut in average by GDP50 a week Redundancy programme 	<ul style="list-style-type: none"> Union members voted on two options: job losses or wage cuts. Wage cuts will be partially compensated by statutory guarantee payments for employees placed in short-term work. 325 out 500 jobs saved

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9. Watsons Water China (Hong Kong)	<ul style="list-style-type: none"> Decline in demand 	<ul style="list-style-type: none"> Pay agreement covering 330 Watson workers Seasonal bonus from HK\$480 to HK\$1,200 	<ul style="list-style-type: none"> At first workers demanded a salary increase but decided not to pursue this due to the financial crisis.
10. Hynix Semiconductor Inc. Korea Source: Wall Street Journal http://online.wsj.com/article/SB122868217228986119.html?mod=googlenews_wsj	<ul style="list-style-type: none"> Sharp decline in memory chip prices caused by a combination of poor demand and severe oversupply. Hynix reported a net loss for the third quarter of 2008 of 1.65 trillion won, as sales fell 20% from the same quarter in 2007. 	<ul style="list-style-type: none"> It will cut the number of its executives by 30%, reduce CEO pay by 30% and reduce pay for others executives by 10% to 20% The company will introduce voluntary retirement for workers with more than 10 years experience and ask workers to take turn in taking two-week, no pay-leave sometime between January and April 2009. 	<ul style="list-style-type: none"> The restructuring efforts are expected to help Hynix cut its labour costs by more than 15%.
11. Telegraph Media Group United Kingdom Source: The Guardian www.guardian.co.uk/media/2008/nov/27/telegraph-media-job-cuts	<ul style="list-style-type: none"> Falling advertising revenues during the economic slowdown combined with increased newsprint prices and major structural change in the industry have prompted the company to take cost-saving measures. 	<ul style="list-style-type: none"> Redundancy programme affecting 50 editorial staff. Agreement includes guaranteed staff pay raises for the next three years. The deal covers journalist on Daily Telegraph, Sunday Telegraph, and Telegraph.co.uk. 	<ul style="list-style-type: none"> Cuts represent a 13-14% saving to the editorial budget. National Union Journalist members threatened to ballot for industrial action over changes being made at the company but agreed to the three year deal.
12. Fairline Boats United Kingdom Source: Evening Telegraph www.northantsset.co.uk/job/Fairline-Boats-boss-tells-of.4796279.jp	<ul style="list-style-type: none"> 25% decrease in production following a drop in consumer demand. 	<ul style="list-style-type: none"> Four of the company's five production lines will work just two days a week in November and December 2008. The fifth line will work three days a week. 30% of the company's 1,360 employees who will be affected will still receive 60% of their wages on days production lines are closed. 	<ul style="list-style-type: none"> The company also announced its decision to lay off 275 workers and that it would be in discussion with trade union representatives to identify the redundancies.
13. Newsquest United Kingdom Source: The Guardian www.guardian.co.uk/media/2009/mar/09/newsquest-staff-reduced-hours-offer	<ul style="list-style-type: none"> Heavy cuts to the company's operation, including closure of 11 newspapers. 	<ul style="list-style-type: none"> The regional newspaper publisher asked staff to consider reducing the hours they work each week as part of cost-cutting measures. 	
14. Toyota Motor Corp. United States, Japan and the United Kingdom	<ul style="list-style-type: none"> With the decline in global demand for automobiles, Toyota faces its first annual loss in 70 years and has embarked on a 	<ul style="list-style-type: none"> In the United States, the company proposed a multi-level strategy to cut costs including: <ul style="list-style-type: none"> Eliminating bonuses for its 	<ul style="list-style-type: none"> In the United States, the company will also: <ul style="list-style-type: none"> Cut production days at some US factories in April 2009 from 2 to 8

Company	Economic situation	Agreed solutions/ negotiated outcome	Comments
<p>Sources: <i>The Australian</i> www.theaustralian.news.com.au/business/story/0,28124,25048777-643,00.html <i>BBC News</i> http://news.bbc.co.uk/2/hi/business/7936397.stm <i>Daily Yomiuri Online</i> www.yomiuri.co.jp/dy/business/20090318TDY01306.htm</p>	<p>series of cost-cutting measures.</p>	<p>3000 or so executives</p> <ul style="list-style-type: none"> • Bonuses paid to its 25,000 hourly workers will be eliminated from all salaried and executive employees (10% of Toyota's 30,000 manufacturing jobs in North America). • Increase the number of non-production days. • Paying two entire shifts of workers at two plants in the US even though production has been shut on those lines since August. The company uses the time to try to improve the workers' skills. • "Voluntary exit programme" in the US offering its workers 10 weeks salary, two weeks of additional pay for every year of service, and \$US20,000. <p>In Japan, the company is asking workers to accept lower pay (the management and union are in negotiations about the size of the pay cuts). The company is also:</p> <ul style="list-style-type: none"> • planning to avoid making pay cuts in seeking its trade union's cooperation in reconstructing its business operations • union agreed to a deal in its annual wage talks under which the automaker will pay bonuses averaging 1.86 million yen, 120,000 yen less than the amount the union had originally demanded (first time in 10 years for the carmaker to pay bonuses smaller than those demanded by the labor union) <p>In the United Kingdom, Toyota, after consultations with employee representatives, decided to cut base pay and production by 10% at its British plants for one year starting 1 April 2009, to reduce costs while avoiding layoffs.</p>	<p>days.</p> <ul style="list-style-type: none"> • Introduce a shorter work week at some plants (affected employees would work 8 hours less per two week period) • Cut executive pay by 30% including a 5% salary cut and eliminated bonus.

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		<ul style="list-style-type: none"> • Toyota has already laid off 200 temporary employees in Britain. 	
<p>15. Corus United Kingdom Source: BBC News http://news.bbc.co.uk/1/hi/wales/7826823.stm</p>	<ul style="list-style-type: none"> • Sharp decrease in the demand and price of steel. 	<ul style="list-style-type: none"> • The Guaranteed Working Week Agreement (GWA) allows Corus to declare 10 guaranteed shifts within any three-month period and, if there are no orders, to send employees home on half-pay and half of their normal shift. • Staff who go into work will get full basic pay but won't get paid shift premiums which is 30% of their wage. • Workers who choose not to go into work will however be paid half the shift premium rate as well. 	<ul style="list-style-type: none"> • In December, unions representing the 25,000 UK workforce of the steelmaker rejected a proposal for workers to take a 10% pay cut. • Union representatives considered the GWA to be an "extremely disappointing development" and would monitor its application to ensure that the company provides appropriate notice and support to employees.
<p>16. Alitalia Italy Source: EIRO www.eurofound.europa.eu/eiro/2008/10/articles/it0810049i.htm</p>	<ul style="list-style-type: none"> • Bankruptcy which the company claims was due to high oil prices and labour costs. 	<ul style="list-style-type: none"> • Agreement between the Government and Trade Union: industrial plan for the new airline company • Agreement between trade union and Italian Airline Company (CAI) redistributes workers in the company • The framework agreement reached between the Government, CAI, and trade unions, stipulates that the new company will have to break up in less than two years and remain in Italian hands until 2013. If the new company is listed on the stock market, it must remain in possession of at least 51% of the company's shares. Future foreign partners will be able to obtain only a minority stake. • The agreement modifies the salary levels of pilots and flight attendants, providing for an average monthly salary reduction between 6 and 7%. The agreement also guarantees that there will be no wage cuts for monthly salaries ranging between €1,200 	<ul style="list-style-type: none"> • The reaction to the agreement reached was very positive.

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and €1,300			
17. SsangYong Motor Company South Korea Source: Bloomberg www.bloomberg.com/apps/news?pid=20601080&sid=a9iqOKB9szu&refer=asia	<ul style="list-style-type: none"> Ssangyong, a unit of SAIC Motor Corp., China's largest automaker, sought court receivership on Jan. 9 because of a "serious liquidity crisis." The company has posted four straight quarterly losses as an economic slowdown damped demand for its gas-guzzling sport-utility vehicles. The Korean automaker needs 600 billion won (\$442 million) of new financing to stay in business, according to Korea Development, its biggest creditor. 	<p>Items discussed include:</p> <ul style="list-style-type: none"> Union requested top share holder (SAIC Motor Corp) to provide emergency cash injection. Union urged Korean government to assist the company with a cash injection. Union objected to cuts to employee welfare and downsizing of the company's domestic sales branch. Shareholders asked the union to accept restructuring by reducing salaries up to 30% over 2 years, downsizing its workforce through voluntary retirement, stopping welfare support for its worker and encouraging workers to take rotating leave. The Government said that company would not be able to continue unless both workers and management agreed on sweeping reforms. 	<ul style="list-style-type: none"> The union said it may accept wage cuts and job-sharing after the Korean automaker filed for bankruptcy protection. It will also delay holding strikes (A potential plan for stoppages won support from 71% of the union's roughly 5,200 members).
18. Kia Motors South Korea Source: Nodong http://nodong.net/com/mune/view.php?board=freeBoard&id=6906&page=1	<ul style="list-style-type: none"> Sharp decline in vehicle demand 	<ul style="list-style-type: none"> The trade union agreed to accept transfers of workers and assembly lines. The management and union agreed to adjust production and establish a "flexible production system" in order to cope with the rapidly changing market situation. 	<ul style="list-style-type: none"> The union initially opposed the flexible production system, claiming that it would undermine job security and reduce overtime allowances and other benefits.
19. CAMI Automotive Inc. Canada Source: The Associated Press www.thestar.com/article/542155	<ul style="list-style-type: none"> Drop in sales 	<ul style="list-style-type: none"> Members of Canadian Auto Workers rotating layoffs between January and April 2009. Members will work in alternating two-week shifts. 	<ul style="list-style-type: none"> Union members voted 99% in favour of the arrangement. Rejection of the plan could have meant four-month layoffs for 600 workers at the plant, a joint venture between General Motors Corp. and Suzuki Motor Corp.
20. Iberia Spain	<ul style="list-style-type: none"> Increase in fuel prices and decrease in 	<ul style="list-style-type: none"> The Spanish government granted Iberia a nine-month 	<ul style="list-style-type: none"> The employers called for a freeze or reduction

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Source: EIRO www.eurofound.europa.eu/eiro/2008/10/articles/es0810029i.htm	business due to the global economic crisis have threatened the continuity of many companies in the airline sector.	deferral on the payment of social security contributions. <ul style="list-style-type: none"> The trade union approved the corporate merger between Iberia and British Airways, stating that this will reinforce the company's position and result in less severe workforce adjustments. 	of 3% increase in airport taxes along with the 7% increase in airport security taxes and 5% increase in air navigations taxes. <ul style="list-style-type: none"> The trade unions expressed their opposition to the government's plan for a partial privatisation of the public airport management operator Spanish Airports and Air Navigation.
21. Metal sector Austria www.eurofound.europa.eu/eiro/2008/10/articles/at0810029i.htm	<ul style="list-style-type: none"> 2008 collective bargaining process deadlocked against the backdrop of recent good economic performance but poor future outlook in the current business climate. 	<ul style="list-style-type: none"> Employers want to strengthen a flexible wage element in relation to standard collectively agreed wage accounts. This would be in the form of an extra one-off payment that would depend on the company's performance. Trade unions argue that the wage increases must have a lasting and not one-off effect. Employers have refused to agree to wage increases above 3.6% citing the current global financial crisis and an economic slowdown that was already affecting orders. 	<ul style="list-style-type: none"> Trade unions rejected the employers' offer arguing that such a low pay raise would only offset inflation but would not take into account Austria's prospective economic growth of 2% in 2008.
22. Stomana Industry Bulgaria Source: EIRO www.eurofound.europa.eu/eiro/2008/12/articles/bg0812019i.htm	<ul style="list-style-type: none"> Company announced plans to cut output by a third because of a decline in local customer demand and a reduction in exports caused by the global crisis. 	<ul style="list-style-type: none"> The company's trade union signed a social package designed to assist employees who lost their jobs. The trade union initiated negotiations demanding that the redundant workers be compensated. <p>The main provisions include:</p> <ul style="list-style-type: none"> continued health insurance contributions until the end of 2008 as agreed in the CBA; the possibility of preserving the preferential bank interest rate for dismissed workers (OBB Bank); providing new year bonus to dismissed workers as 	<ul style="list-style-type: none"> It is reported that this is the first agreement to be reached in the country dealing with collective redundancies as a result of the financial crisis.

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23. Renault Brazil and Europe Source: EIRO (Europe) www.eurofound.europa.eu/eiro/2008/11/articles/fr0811019i.htm	<ul style="list-style-type: none"> Declining sales because of reduced demand for automobiles in current economic environment 	<p>agreed in the CBA;</p> <ul style="list-style-type: none"> organising free summer vacations for the children of the dismissed workers; rehiring redundant workers if the company's situation improves; and severance payments equalling between four and 10 gross monthly wage payments <p>The trade union commitments include:</p> <ul style="list-style-type: none"> proposing to the branch and central union leadership discussions in the tripartite/bipartite social partner bodies to draw up a crisis program in response to the expected collective redundancies in the industry. <p>In Brazil:</p> <ul style="list-style-type: none"> A few thousand workers at Renault plants agreed to suspend work for five months without loss of pay to avoid layoffs. The workers will receive their full salary made up in part by unemployment benefits from the government, with the difference to be paid by Renault. During these five months, the company will also offer training courses to the workers. <p>In Europe:</p> <ul style="list-style-type: none"> Renault's management announced its intention to implement a restructuring programme in France on a voluntary basis, without resorting to compulsory redundancies or closures. The three-fold incentive plan for voluntary redundancies, included: <ul style="list-style-type: none"> financial incentives for voluntary redundancies; financial assistance for early retirement; 	<p>In Brazil:</p> <ul style="list-style-type: none"> The press reported that this agreement could be extended to other automotive companies in Brazil, which include Peugeot-Citroen and GM. <p>In Europe:</p> <ul style="list-style-type: none"> Renault's central works council criticised the voluntary redundancy incentive plan. Representatives of the General Confederation of Labour in France (CGT) did not take part in the referendum for the plan. The CGT considers that Renault is taking advantage of the current economic crisis and that the restructuring measure is in reality a redundancy plan. As soon as the plan was announced, the CGT called for work stoppages and organised demonstrations. The trade union

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24. Siemens -Kolejova vozidla Czech Republic Source: EIRO www.eurofound.europa.eu/eiro/2008/09/articles/cz0809039i.htm	<ul style="list-style-type: none"> The company announced plans to close a plant in Prague affecting 1000 workers due to low Czech customer demand, global economic changes and the company's global strategy which foresees 17,000 redundancies. 	<ul style="list-style-type: none"> - leave for training or retraining. The EWC demanded bargaining on a 'European agreement on methods' concerning the implementation of a European restructuring plan without redundancies and a timetable for each country. 	<p>confederation has taken the matter to court.</p>
25. AXA Insurance Ireland Source: EIRO www.eurofound.europa.eu/eiro/2008/09/articles/ie0809019i.htm	<ul style="list-style-type: none"> In the context of a struggling global and domestic economy, AXA has experience competitive difficulties and sought a restructuring deal with the country's largest 	<p>A restructuring agreement was reached in July 2008 and includes:</p> <ul style="list-style-type: none"> new pay structures with seven instead of four pay levels (the minimum and maximum new pay levels will be increased in 	

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	trade union, SIP trade union.	<p>accordance with national wage agreements or local bargaining processes if no wage agreement is in place);</p> <ul style="list-style-type: none"> • performance pay review based on personal performance calculations; • profit sharing changes which will base calculations on three additional factors beyond profit including customer satisfaction, premium income and total operating expenses; and • voluntary redundancies – AXA is seeking 120 staff to apply for voluntary redundancy to receive six weeks of basic pay per year of service or early retirement (immediate pension and lump sum based on actual service). 	
<p>26. Intrepid Travel Australia Source: news.com.au www.news.com.au/business/story/0,27753,25146470-462,00.html</p>	<ul style="list-style-type: none"> • Demand for travel services is down in the midst of the economic crisis. 	<ul style="list-style-type: none"> • Company asked its employees to either take a 10% pay cut, work a four-day week or take extended unpaid leave. • One third of staff agreed, after managers committed to pay back lost wages with interest once business improves. 	<ul style="list-style-type: none"> • The company did the same when the SARS crisis hit the travel industry. It later honoured its pledge to pay employees back with interest. • The company recently cut nine% of its staff despite these measures but said that if it had not taken such steps, layoffs might have been as high as 20%.
<p>27. Nissan Motor Company Spain and Japan Source: AFP www.google.com/hostednews/afp/article/ALeqM5he-TvsKqsXtNs49UZuUCrQs9c6Cw</p>	<ul style="list-style-type: none"> • Nissan has forecast a net loss of 265 billion yen (2.8 billion dollars) in the financial year to March 2009. • Spain's auto manufacturing sector is the third biggest in Europe and accounts for just under 10% of the country's economic output and 15% of exports. 	<p>After negotiation with Unions in December:</p> <ul style="list-style-type: none"> • It was agreed not to proceed with the cuts but instead to engage 3500 staff in short term work over the first quarter of 2009 while more permanent workforce plans are discussed. • It was also agreed to extend the duration of the company agreement (wage revision, working standard) covering the period 2004-2008 for another year. • A voluntary redundancy 	<ul style="list-style-type: none"> • The agreement's extension allows both parties involved to separate collective bargaining on the renewal of the agreement from the negotiations on workforce adjustment to the crisis. • Nissan later reached an agreement with union officials at its plant in Barcelona to cut 1,400 jobs. • Nissan will cut its workforce to 215,000

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		plan was introduced.	from 235,000. Of these job losses, 60% will come from Japan, 20% from the U.S. and Europe and 20% from other regions <ul style="list-style-type: none"> Nissan will lower labour costs in high-cost countries to 700 billion yen from 875 billion yen.
28. Infineon Germany Source: Reuters www.reuters.com/article/rbssTechMediaTelecomNews/idUSB48740920081112	<ul style="list-style-type: none"> Infineon employs 10,000 people in Germany and has seen declining sales in a soft computer market amidst the global economic slowdown. 	<ul style="list-style-type: none"> The company said it would not honour a sectoral wage agreement reached with the 3.6 million workers employed in the country's engineering sector. Infineon withdrew from the VBM employers' federation shortly after VBM agreed with trade unions to a wage increase through to 2010. The company said it plans to adjust its wage deals to reflect the cyclical nature of the semiconductor industry by paying above-average wages in good times while requiring employees to partially or totally forfeit them in bad ones. 	<ul style="list-style-type: none"> Infineon is the first DAX blue chip company to announce its departure from the country's generally accepted system of co-determination between unions and employers.
29. Alcoa Australia Source: The West Australian www.thewest.com.au/default.aspx?MenuID=77&ContentID=119177	<ul style="list-style-type: none"> Sharp decline of price and net loss due to economic crisis. US-based aluminium company announced a \$US1.19 billion loss in the last quarter of 2008. 	<ul style="list-style-type: none"> Alcoa workers in Australia have agreed to defer a four% pay rise for 2009 in an effort to prevent job losses. Union members are also expected to back a delay in scheduled 2009 payments. 	<ul style="list-style-type: none"> The president of Australian Council of Trade Union (ACTU) said the union would make responsible and flexible wage claims, but would not accept wage freezes that actually cut incomes of Australian workers.
30. Aer Lingus Ireland Source: EIRO www.eurofound.europa.eu/eiro/2008/12/articles/ie0812029i.htm	<ul style="list-style-type: none"> Cost reduction plan 	<p>Agreement reached:</p> <ul style="list-style-type: none"> "Leave and return" option: workers take a severance package but will later be re-employed at the airline on inferior terms and conditions Pay and conditions will be diminished for the majority of employees, but will initially be cushioned by a one-time lump sum payment and will also retain 	<ul style="list-style-type: none"> Agreement was approved by 80% of the membership 850 workers have chosen to take a lump sum and leave the company before returning on reduced pay and conditions The agreement was conditional on a sufficient numbers of union members opting

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31. Volvo Car Corp. Sweden Source: Reuters www.reuters.com/article/rbssAutoTruckManufacturers/idUSLC21005020090312	<ul style="list-style-type: none"> Ford-owned Volvo Car Corp sales through October 2008 were down more than 28% compared with the same period in 2007. 	<p>their current defined benefit pension entitlements.</p> <p>Negotiations between company and its unions representative were made public in December 2008:</p> <ul style="list-style-type: none"> 2,721 employees in Sweden were set to leave the company (2,367 blue collar workers, and 354 white collar workers). An additional 680 employees abroad also left the company. Volvo also terminated 1,215 contracts with external consultants Regarding the Swedish "last in first out" (LIFO) principle for collective redundancies, exceptions could be made subject to agreement with the trade union (between 300 and 400 blue collar workers were exempted from LIFO principle) 40 of blue collar workers over 57 years old received an early pension which guarantees SEK 16,000 per months (approx. 1,450 euro/month). 160 of the staff enrolled in training programmes and retain their employment contracts with Volvo for another year. If demand returns they will resume their employment with Volvo. The planned wage round would be postponed until January 2010 and salary cuts would be introduced during the up to 45 days of planned downtime at the company's plants. 	<p>for the "leave and return" option, rather than voluntary redundancy or "stay as you are" option (i.e. retain existing terms and conditions but no lump sum payment).</p> <ul style="list-style-type: none"> As part of the notice process, each affected employee was given an information package including an invitation to meetings with bi-partite job transition agencies, and the Swedish Public Employment Service. The majority of the redundant employees left the company by the end of 2008, with full salary and the notice period. During the autumn, a matching process took place, where approximately 1,000 people were matched with new jobs where positions became available due to the reorganisation and termination of consultants contracts. By delaying the planned wage round for one year, the company estimates it will save \$56.7 million.
32. Bank Leumi Le-Israel Ltd.	<ul style="list-style-type: none"> Bank representatives have said that the 	<ul style="list-style-type: none"> Employees agreed to have their scheduled annual 	

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Israel Source: Jerusalem Post www.jpost.com/servlet/Satellite?cid=1233050192380&pagename=JPost%2FJPArticle%2FPrinter	economic crisis has had a negative impact on the business.	salary increase cut in half to 2.5% in 2009 because of the economic slowdown <ul style="list-style-type: none"> Union representatives accepted the modification of a 2005 contract in which Leumi agreed to boost paychecks by five% a year for five years. 	
33. Toly Products Malta Source: Times of Malta www.timesofmalta.com/articles/view/20081022/local/toly-to-dismiss-workers	<ul style="list-style-type: none"> Orders have shrunk drastically due to worsening international economic situation. 	<ul style="list-style-type: none"> The company, which employs almost 400 people, said it was working closely with the General Workers Union to minimise the impact. Agreement reached between the trade union and management so that production lines would not have to stop and customers would not be lost. 	<ul style="list-style-type: none"> The company laid off 84 workers, six of which were from the management. The General Workers Union claimed that the company had planned more lay offs but reduced these by 20% following the union's intervention.
34. Washington State Ferries United States Source: Seattle Times http://seattletimes.nwsourc.com/html/politics/2008700786_ferries03m.html	<ul style="list-style-type: none"> The downturn in the economy has led to a shortfall in state revenues and a large budget deficit prompting cost cutting measures. 	<ul style="list-style-type: none"> Employees will voluntarily forgo pay raises (ranging from 1.6% to 10.7%) they negotiated with Governor of Washington in 2007 because of the downturn in the economy. The agreement was approved by 5 unions representing some 1,500 workers, which would save the state \$18 million over the next two years 	<ul style="list-style-type: none"> The unions were the first to come forward to ask for their contracts to be renegotiated. The government said the ferry system could have faced significant cuts without the agreement.
35. Apollo Tyres Ltd. (Kalamassery plant) India Source: Business Standard www.business-standard.com/india/news/apollo-tyres-declares-lockout-at-kerala-unit/15/24/342439/	<ul style="list-style-type: none"> Economic downturn and unpredictable market situation led to a sharp decrease in demand (over 40% year on year in September 2008) Company said it was forced to take drastic measures to increase efficiency and reduce costs as it had been hit by recession. 	<ul style="list-style-type: none"> Lockout commenced on 6 December 2008 after the company accused the trade unions of going on an "illegal" strike and resorting to negative and non-cooperative attitude Meeting convened by the Labour minister on 7 January 2009, attended by the Labor Commissioner and the Additional Labour Commission, with 12 items on the agenda that were considered vital to the survival of the plant. <p>The trade union:</p> <ul style="list-style-type: none"> agreed to consider only 3 of the 12 items demanded lifting the 	<ul style="list-style-type: none"> The company argued that current production levels were not sufficient for the survival of the unit. As it was not possible to expand operations at Kalamassery, the management suggested relocating the plant to Irapuram Rubber Park with an expanded production capacity. Workers were offered free transport service with no loss of job earnings. Unions and workers rejected the plan. The unit has 1,100

Company	Economic situation	Agreed solutions/ negotiated outcome	Comments
		<p>lockout as a pre-condition to further negotiations</p> <ul style="list-style-type: none"> • said that the basic issue was not productivity, but the decision of management to relocate the factory as the main reason for dispute. • On 29 January 2009, negotiations ended in a stalemate. <p>Apollo's management:</p> <ul style="list-style-type: none"> • agreed to end the lockout only after the issues were discussed and settled • said that unless plant productivity were increased there was no point in lifting the lockout • said that without reaching agreement with the workers and receiving government approval for expanded use of the land at the Kalasemary plant, it would relocate the plant. • The government said it would be ready to make the trade union accept the demand for productivity increases 	<p>permanent employees and at least 300 contract workers.</p> <ul style="list-style-type: none"> • The lockout ended after three months and the company said it would resume operations.
<p>36. YRC Worldwide United States Source: Supply Chain Digest www.scdigest.com/assets/On_Target/09-02-24-3.php?cid=2291</p>	<ul style="list-style-type: none"> • The company lost \$974 million in 2008. 	<p>Union voted to modify the current labour agreement:</p> <ul style="list-style-type: none"> • Ten per cent reduction in all wages paid, including scheduled increases, and the suspension of cost of living adjustments for the remainder of the contract. • In return, 40, 000 unionised workers received a 15% equity stake in YRC worldwide. 	<ul style="list-style-type: none"> • The company indicated that non-union employees would experience the same or greater percentage reduction in total compensation as their union counterparts. • Non-union employees also received options to purchase up to a seven per cent ownership stake in company. • Senior executive compensation would also be reduced but they would not be eligible to participate in the stock option program. • YRC laid off 302 workers on 1 March 2009.

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37. Tara Mines (Navan) Ireland Source: The Irish Times www.irishtimes.com/newspaper/ireland/2009/0108/1230936761974.html	<ul style="list-style-type: none"> • Low zinc prices and a weak dollar 	<ul style="list-style-type: none"> • Agreement over cost-cutting plans was agreed. • 59% of workers voted in favour of the new continuous shift patterns, while 55% accepted the new pay terms. 	<ul style="list-style-type: none"> • The company said that unless cost-cutting measures were agreed to, the zinc mine would be placed on care and maintenance.
38. Ducati Italy Source: Reuters www.reuters.com/article/managementIssues/idUSL565284820090205	<ul style="list-style-type: none"> • 38.8% drop in new motorcycle sales in Italy in January 2009 as a result of the severe economic slowdown. 	<ul style="list-style-type: none"> • Executives took a 10 per cent pay cut and gave up their future bonuses. 	<ul style="list-style-type: none"> • The decision taken by Chief Executive Gabriele Del Torchio and other executives to take less pay was voluntary
39. Giardini del Sole Manufacturing and Trading Corp. Philippines Source: http://partidongmangagawa2001.blogspot.com/2009/02/timeline-of-labor-dispute-at-giardini.html	<ul style="list-style-type: none"> • Economic slowdown led to the decline in orders 	<p>Agreement reached:</p> <ul style="list-style-type: none"> • Establishment of a joint evaluation team that includes the union, management, and the National Conciliation and Mediation Board (NCMB) to rotate work among as many workers as possible. The joint evaluation team will also monitor the company's performance and recall the workers when demands picks up. • Granting of financial assistance of PhP 5,000 and one sack or rice per month per worker for the duration of the temporary shutdown. It will be deductible from severance pay in case of permanent closure. • No worker will be terminated and only voluntary resignations will be accepted. • Release of back wages for the 2008 holiday pay equivalent to three days salary. 	<ul style="list-style-type: none"> • The union now is part of the evaluation team which means the union is officially recognized as a partner of the management and government in implementing the retrenchment for the employees to accept voluntarily.
40. Snohomish County Clerk United States Source: Herald Net www.heraldnet.com/article/20090210/NEWS0	<ul style="list-style-type: none"> • Facing a budget deficit, the County Council has asked all department heads to find new savings to save a combined \$2 	<p>Agreement reached:</p> <ul style="list-style-type: none"> • County Clerk's office agreed to take up to 10 days off without pay this year as part of a cost-cutting effort 	<ul style="list-style-type: none"> • The deal affects more than 50 employees. • Members voted overwhelmingly for the unpaid days.

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1/702109889	million for 2009.	<ul style="list-style-type: none"> In return, the workers will receive extra pay vacation days in 2010 and 2011. 	
<p>41. Boeing United States Source: Seattle Post Intelligencer www.seattlepi.com/business/387886_boeingunion15.html www.seattlepi.com/business/400452_air18.html</p>	<ul style="list-style-type: none"> Airplane orders fell more than 50% in 2008 	<p>On 1 December 2008, two agreement reached, for engineers and technical workers:</p> <ul style="list-style-type: none"> New contracts provided employees wage increase, benefits improvements, a voice in future decisions on outsourcing and a process to take a voluntary layoff with benefits. The agreements provide salary increase pools of 5% in each year of the contract. Engineers are guaranteed an increase of at least 2% each year, and Technical workers are guaranteed increases of at least 2.5% during each year of the contract. In addition, improvements were made to medical coverage, retirement, and the company agreed to maintain defined benefit pension for new employees. <p>Negotiations in Wichita:</p> <ul style="list-style-type: none"> The company delivered its "best and final offer", which included 3% salary increase pools, increased out-of-pocket medical costs and elimination of the pension for new employees. The union refused and continued "work-to-rule" campaign by declining management request to work voluntary overtime. The union's counterproposal sought a salary raise pool matching those of other engineers at Boeing, keeping the defined benefit pension of new hires and maintaining good medical coverage. 	<ul style="list-style-type: none"> In an agreement reached on December 2008, engineers voted by 79% to accept a contract, while technicians voted in favour of their own contract by 69%. Nearly 74% (14,155 members) of the eligible SPEEA members voted on the contract. The union spent more than eight months negotiating the offers with Boeing. Union negotiation teams recommended members approve the offers. Negotiations for 700 engineers at Boeing Wichita resume on 2 December 2008. The contract was extended to allow for negotiations beyond the original Dec. 5 expiration. As of 5 February 2008, engineers voted down Boeing's offer, 88% (209 members) rejected the offer of new contract covering engineers in Wichita. The union has 330 members eligible to vote on contract. CEO said that freezing wages and eliminating bonuses to avoid layoffs would be counterproductive and hurt the company's ability to attract and retain high-performing employees, putting Boeing at a competitive disadvantage.
42. The State of California	<ul style="list-style-type: none"> Cash shortage \$42 billion budget 	Tentative agreement reached on 14 February 2009:	<ul style="list-style-type: none"> The agreement must be ratified by the union and

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United States Source: Gangbox http://gangbox.wordpress.com/2009/02/15/seiu-local-1000california-state-employees-association-agrees-to-1-day-a-month-unpaid-furlough-for-200000-state-of-california-employees/	deficit	<ul style="list-style-type: none"> Workers will take one day of unpaid leave per month instead of two as originally proposed by the Schwarzenegger administration. This represents a 4.62% pay cut for the union's 95,000 members. Union members give up Lincoln's Birthday and Columbus Day as paid holidays under the contract. They instead get two floating holidays, which would cut the state's overtime costs. 	<ul style="list-style-type: none"> legislature. It would remain in effect until June 30, 2010. The agreement covers more than half the state's approximately 170,000 organized employees.
43. Singapore Airlines Ltd. Singapore Source: Asia One www.asiaone.com/News/the%2BStraits%2BTimes/Story/A1Story20081109-99340.html	<ul style="list-style-type: none"> Passenger traffic fell for the first time in five years due to the economic slowdown and credit-market crisis curbing travel. Singapore Airlines reported a decline in load factors amid falling demand, prompting it to cut flights Net income dropped to S\$323.8 million (\$219 million), or 27.1 cents a share, in the three months ended Sept. 30, from S\$507.8 million, or 40.3 cents, a year earlier 	<ul style="list-style-type: none"> Agreement reached on pay and other benefits after a year negotiations. The new CA saw little change from the previous pact except for the variable components built into the pilots' pay. Under the CA, pilots and first officers get a standard monthly variable component (MVC) of 10% built back into their salaries. This will put them on par with all other SIA staff. Previously, they had both the annual variable component and MVC taken out of their salaries and treated as separate components. For captains, the total variable component was 16.5%. It was 11% for first officers. 	<ul style="list-style-type: none"> The terms were backdated to November 2007 and are valid for three years.
44. Thai Airways International Thailand Source: Bangkok Post www.bangkokpost.com/news/local/11523/thai-labour-union-warns-it-will-protest-salary-freeze-carrier-financial-woes-not-fault-of-employees	<ul style="list-style-type: none"> The national carrier said oil price fluctuations and the economic downturn had hurt its finances, so staff would not be given a pay rise for the time being. The company is seeking financial assistance from the government. 	<ul style="list-style-type: none"> The company's board set a target to cut spending by 3-10%. The labour union is against the board decision not to award staff any pay rises and bonuses. 	<ul style="list-style-type: none"> The leader of labour union sought a meeting with the Transport Minister, after talks with the company's acting president failed. As of 13 February 2009, no agreement had been reached. The leader of the trade union cited a cabinet resolution obliging state enterprise to approve

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<p>45. American Axle & Manufacturing Ltd United States Source: Detroit Free Press www.freep.com/article/20090204/BUSINESS/01/902040336</p>	<ul style="list-style-type: none"> American Axle & Manufacturing Inc. is seeking concessions from some 1,250 workers at its Detroit plant. The company expects 2009 to be a difficult and challenging year. As a result, they are reviewing all of their costs. The company says that it must have a market-cost-competitive wage structure and that at present, not all of its facilities meet this standard. 	<ul style="list-style-type: none"> UAW workforce accepted a contract in May 2008 that cut wages and benefits, ending a 3-month strike at the supplier. Executives at the company told workers that it wants compensation levels at its Detroit plant to match compensation at its plant in Three Rivers where workers had accepted much steeper concessions. Workers in Detroit already had their wages cut by about \$10 an hour, to as much as \$18.50 an hour. Hourly wages at the Three Rivers plant ranged from \$10 to \$18 an hour. 	<p>pay rises up to 6.5% of their salary. The union also said the company's poor financial performance was the result of the poor management.</p> <ul style="list-style-type: none"> In February 2009, the company was again seeking more concessions from some 1,250 workers at its Detroit plant saying that any changes would have to be negotiated with the union. It was reported that the company is also considering eliminating its tuition-assistance program and an extended-benefit program.
<p>46. Nassau County United States Source: New York Times www.nytimes.com/2009/03/15/nyregion/long-island/15budgetii.html</p>	<ul style="list-style-type: none"> A \$130 million hole in the county's proposed \$2.6 billion budget is largely a result of diminished sales tax revenues over the past six months. 	<p>The agreement includes:</p> <ul style="list-style-type: none"> deferred payments to county employees; and an agreement that by 4 June 2009, 325 members of the trade union representing most civilian workers, will volunteer to retire early. 	<ul style="list-style-type: none"> The deal will reduce the work force by 425 and cut the payroll by \$30 million annually. It will also save the county \$43 million in 2009 and guarantee no layoffs or pay cuts for union members. The County Executive said that the agreement it buys the county time to get its finances in order, and will reduce the work force by 5%, which is a recurring savings. The deal follows a month of discussions between the county and the unions. The union said that the main goal was to avoid layoffs and to make sure that any pay cut would not be permanent and would be delivered back to the members at

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			some time in the near future.
47. Kowloon Motor Bus; New World First Bus; Citybus; Long Win China Source: South China Morning Post	<ul style="list-style-type: none"> The companies claim that the economic situation is hurting their business and that there is a need to control costs. 	<ul style="list-style-type: none"> Unionists at the city's four bus operators demanded pay rises of between 5% and 7.5% in 2009, but sources close to the companies said the increases were unlikely given the economic downturn. The workers unions of 4 bus operator have demanded pay rises of between 5% and 7.5% this year. The companies proposed an average pay rise of 3.5% last June 	<ul style="list-style-type: none"> The Motor Transport Workers General Union said it was open to discussion on the increase but rejected suggestions that the economic slowdown was hurting the bus companies. KMB said the pay rise for its staff costs HK\$100 million a year.
48. Whirlpool Italy Source: EIRO www.eurofound.europa.eu/eiro/2008/12/articles/it0812039i.htm	<ul style="list-style-type: none"> Worldwide decline in demand and the increased cost of raw materials 	<p>Agreement was reached on 15 December 2008:</p> <ul style="list-style-type: none"> Confirmation for 2008-2009 of 431 redundancies to be distributed as follows: <ul style="list-style-type: none"> - 231 workers would be shed through non-renewal contracts; - the remaining 200 redundant workers would be placed on the ordinary wages guarantee fund from January to July 2009. Confirmation of investments planned in the Varese area for 2008-2010 to the amount €52 million. 	<ul style="list-style-type: none"> Trade unions asked Whirlpool management not to begin unilateral collective procedures for the announced redundancies, but rather to engage in talks in order to find joint solutions. Whirlpool management responded positively to the request, and accepted the approach proposed by the trade union.
49. Vale do Rio Doce Brazil Source: People's Daily Online http://english.people.com.cn/90001/90778/90858/90864/6582417.html	<ul style="list-style-type: none"> Fall in the demand for iron ore at the international market and the consequent need to reduce production Vale, the world's largest iron ore producer, has a total of 38,000 employees in Brazil, not including its subsidiaries or the outsourcing employees. 	<ul style="list-style-type: none"> Agreement reached with eight trade unions to send 17,800 workers on temporary paid-leave Under the agreement, Vale employees will receive half of their regular wages per month plus a compensation of 856 reais (368 U.S. dollars) while on leave. The company committed to maintaining, until 31 May 2009, the jobs of all workers who accept the leave deal. 	<ul style="list-style-type: none"> Altogether, 15 trade unions received Vale's paid-leave proposal and two of them have rejected it. These two unions represent a total of 4,500 Vale workers from Itabira, Ouro Preto and Congonhas, all located in Minas Gerais state in southeastern Brazil.
50. General Labor Confederation		<ul style="list-style-type: none"> The General Labor Confederation suspended 	

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(autonomous trade union action) Argentina Source: High Beam Research www.highbeam.com/doc/1A1-D93OC32G1.html		wage-hike requests through December 2008 due to the world financial crisis • General Labor Confederation head Hugo Moyano said that it was not the time to demand higher salaries as economic turmoil rattles the globe	
51. Macomb County United States Source: The Detroit News www.detroitnews.com/apps/pbcs.dll/article?AID=/20090202/METRO03/902020424/1409/METRO	<ul style="list-style-type: none"> • Macomb County needed to find roughly \$18 million in savings to finalize its budget. • Macomb County has been working to finalize a spending plan for 2009. Last year, it projected a \$30 million-plus operating deficit for the county and the last half of the year was spent looking for savings. • Concessions from the largest unions were expected to help generate at least \$10 million in savings. 	• The Macomb employees union rejected the proposed concessions.	• The United Auto Workers represents 500 of Macomb County's 2,200 employees and the two sides have been working for months to reach a new contract agreement.
52. Paraná Metal Argentina Source: La Nacion www.lanacion.com.ar/nota.asp?nota_id=1092827	<ul style="list-style-type: none"> • The company said there was a crisis in demand for their products. • According to industry sources, Paraná Metal wages are 35% higher than are found in the average metallurgical collective agreement. 	• Paraná Metal signed an agreement with the Metal Workers Union (UOM) to return to auto production after being idle for over one month. The pact requires that workers receive no wage increases until at least March 2010 and that some workers do not resume work, collecting only 70% of their wages.	<ul style="list-style-type: none"> • The Ministry of Labour for Argentina said that the government would maintain its \$600 worker subsidy in 2009 and 2010 paid under the Productive Recovery Program – this amount counted as part of wages, reducing the cost of employees to the company. • Workers voted 90% in favour of the offer from the Labour Ministry.
53. Berger Paints Jamaica Source: The Jamaica Gleaner www.jamaica-gleaner.com/gleaner/20090130/lead/lead1.html	• Cost-cutting measures, including staff redundancy, in response to the global economic meltdown and the resulting downturn in the Jamaican economy.	<ul style="list-style-type: none"> • In a bid to combat tough economic conditions, employees at Berger Paints have agreed to start working reduced hours and take pay cuts. • Employees and managers have agreed to a 20% salary cut by reducing working time to a four day work week. 	<ul style="list-style-type: none"> • The agreement was signed by the Union of Clerical, Administrative and Supervisory Employees, which represents monthly-paid employees and the National Workers Union, which represents hourly paid workers. • A committee comprising

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		<ul style="list-style-type: none"> The agreement will not affect leave entitlement, any other terms and conditions of employment, or any deals contained in existing the collective bargaining agreements. 	<p>representatives of both parties will conduct periodic reviews of the company's performance during a period of six months with a view to determine a date of return to a five day work week at full pay.</p> <ul style="list-style-type: none"> There will be discussions on measures to improve productivity which will be pursued and agreed upon during this period. The agreement also indicated that staff loan repayments will be adjusted in accordance with the four day work week.
<p>54. Honda (Swindon plant) United Kingdom Source: BBC News http://news.bbc.co.uk/1/hi/business/7859863.stm</p>	<ul style="list-style-type: none"> Sharp decrease of net profit (global third quarter net profit in 2008 dropped 89%) 	<ul style="list-style-type: none"> Four-month plant closure from February to May in year 2009. Staff will be paid during the closure, but when the plant reopens, employees will have to work unpaid overtime equal to the amount they have been paid over four-month period. Production staff, who install and upgrade machinery, will continue to work during the shutdown. The closure will affect 2,300 of its 3,700 employees who will receive their full basic pay for the first two months followed by 60% for the remainder of the closure. 	<ul style="list-style-type: none"> Thought to be the longest shutdown in Britain's recent industrial history More than 1,000 staff have signed up for voluntary severance packages.
<p>55. Aston Martin United Kingdom Source: BBC News http://news.bbc.co.uk/2/hi/uk_news/england/coventry_warwickshire/7855442.stm</p>	<ul style="list-style-type: none"> Reduced sales resulting from downturn in the car industry 	<ul style="list-style-type: none"> The company agreed with unions to a three-day week regime with employees obliged to make good the time deficit when normal production is resumed. Temporary Monday to Wednesday shift patterns affected around 600 staff. 	<ul style="list-style-type: none"> The firm announced 600 redundancies in December 2008 and said it was consulting with unions on the matter.
<p>56. Permanent TSB Ireland</p>	<ul style="list-style-type: none"> The bank seeks to maintain lower costs 	<ul style="list-style-type: none"> Ireland's largest mortgage lender has offered to pay 	<ul style="list-style-type: none"> The scheme is aimed cutting the lender's cost

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<p>Source: Irish Times www.irishtimes.com/newspaper/frontpage/2008/11/11/1226356725648.html</p>	<p>through the recession and global financial crisis.</p> <ul style="list-style-type: none"> Business volumes at all Irish banks have fallen sharply due to the higher cost of funding as a result of the credit crunch and the effects of the recession as the demand for loans has slumped. Permanent TSB's operating profits are expected to fall by about 17% in 2009. According to the Irish Bank Officials' Association, more than 1,000 jobs have been lost to date in the banking sector as agency and temporary staff have been let go in large numbers. 	<p>employees up to €20,000 to take a two-year career break and up to €35,000 each for a three-year break in an attempt to reduce costs at the bank.</p> <ul style="list-style-type: none"> Staff will be offered the upfront payments to a maximum level of half their annual salary. Employees taking the offer will have to sign a non-compete clause to ensure they do not take a job at a rival bank during their break. The bank has told staff that it cannot guarantee them the same job when they return, but would be placed in "an equal role in the same general geographic area". 	<p>during downturn will retaining trained staff in anticipation of a recovery in 2010-2012. It may be extended to the company's insurance arm.</p> <ul style="list-style-type: none"> Senior management at the bank do not view the initiative as a precursor to redundancies in the short or medium term. The bank has 2,500 staff.
<p>57. KPMG United Kingdom Source: Reuters www.reuters.com/article/rbssFinancialServicesAndRealEstateNews/idUSLH72995920090117</p>	<ul style="list-style-type: none"> The economic downturn has cut the amount of advisory work for professional services firms around the world. KPMG is planning for measures are part of a contingency plan that would help the company cope with the worst economic turmoil in years. 	<ul style="list-style-type: none"> Up to 11,000 UK staff have been given the option of switching to a four-day working week, with 20% pay cut or sabbatical of between one and three months on 30% pay. Similar arrangements are likely to be offered to the company's staff in other European countries. The programme will run until 2010. 	
<p>58. Petra Diamonds Helam mine) South Africa Source: Diamond Intelligence https://www.diamondintelligence.com/magazine/magazine.aspx?id=7332</p>	<ul style="list-style-type: none"> Petra Diamonds management is considering letting go about 350 of the mine's 669 employees due to the impact of the current international economic crisis, the drop in demand for diamonds and Helam mine's poor production levels. 	<ul style="list-style-type: none"> The trade union Solidarity demanded to involve itself in the consultation process in terms of the Labour Relations Act, which stipulates that an employer must consult with all registered trade unions whose members could be affected by the dismissal process. 	<ul style="list-style-type: none"> The mine will be placed on care and maintenance, in accordance with an official notice sent to trade unions. South African union Solidarity said that the company initially planned to quickly conclude the layoffs and had only consulted one of the country's trade unions regarding the possible cutbacks in staff.

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59. Trayal Serbia Source: B92 www.b92.net/eng/news/business-article.php?yyyy=2009&mm=03&dd=18&nav_id=57912	<ul style="list-style-type: none"> Production at Trayal's three rubber factories, which employ 1,000 of the total 2,400 workers, was suspended for three months owing to a lack of raw materials. 	<ul style="list-style-type: none"> Under the restructuring plan, staff numbers would be cut from their current level of 2,422 to 2,042, with the decision on which employees will lose their jobs to be taken by the end of the March 2009. The union had not been shown the criteria on which redundancy decisions would be based. 	<ul style="list-style-type: none"> Solidarity and other trade unions have since arranged to meet with Petra Diamonds management. A spokesman for Solidarity said that the trade union was not convinced that the operational problems of the Helam mine were reason enough for the retrenchments.
60. Alumina Partners of Jamaica (Alpart) Jamaica Source: Jamaica Observer www.jamaicaobserver.com/news/html/20090319T000000-0500_147823_OBS_ALPART_CLOSES_MAY_.asp	<ul style="list-style-type: none"> Fall in global aluminium markets and corresponding drop in alumina demand. The company's alumina product experienced a drastic 60% price reversal since July 2008, and the temporary shutdown would allow the plant to be prepared for future developments that may see the industry emerge from the present situation. 	<ul style="list-style-type: none"> The company, which announced in January 2009 that it would reduce production by 50%, said that the further market deterioration had necessitated the decision to temporarily shut down operations. This initial job-saving arrangement with workers, brokered by trade unions, was to last for four months. Alpart said around 900 permanent employees would be made redundant as a result of the temporary shutdown, which is expected to last at least 12 months. 	<ul style="list-style-type: none"> According to ALPART's managing director, the company will meet its obligations to employees and communities in a timely manner during this period and continue to be a responsible corporate partner.
61. Ryanair Europe Source: Irish	<ul style="list-style-type: none"> Company continues to lower fares to attract business but poor travel demand has led 	<ul style="list-style-type: none"> Agreement came after intensive negotiations with pilots at its 31 bases across Europe, under which all of 	<ul style="list-style-type: none"> Management at the company has already accepted significant pay cuts.

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Independent www.independent.ie/business/irish/ryanair-pilots-vote-in-favour-of-pay-freeze-for-12-months-1676024.html	to two consecutive quarters of losses.	Ryanair's pilot bases voted for a 12-month pay freeze with productivity increases as the preferred alternative to a 10% pay cut.	
62. SEAT Spain Source: ABC www.abc.es/20090320/economia-empresas/acuerdo-seat-abre-camino-20090320.html	<ul style="list-style-type: none"> Falling auto sales due to reduced consumer demand during economic crisis. 	<ul style="list-style-type: none"> Wage freeze agreement 	<ul style="list-style-type: none"> 65% of the workers supported the wage freeze. Labour Minister Celestino Corbacho said that the wage freeze at Seat would not be extrapolated to other companies or sectors. The union leadership respected the outcome of the vote but remained sceptical of the company's claimed need to freeze wages, particularly when the company announced a profit of 44 million Euros on the same day of the referendum.
63. Ford Turkey Source: Sunday's Zaman www.sundayszaman.com/sunday/detaylar.do?load=detay&link=170300		<ul style="list-style-type: none"> The Turkish Metal Workers Union (Türk Metal), which operates under the Confederation of Turkish Labor Unions (Türk-İş), agreed with Ford on March 17 that the company apply for short-time unemployment benefits to provide support for temporarily laid off workers. The company agreed to request short-time unemployment benefits for its 5,000 workers at the Kocaeli plant rather than dismiss them. 	
64. Hibernian Aviva Ireland Source: Irish Times www.irishtimes.com/newspaper/finance/2009/0306/1224242373580.html	<ul style="list-style-type: none"> The insurance group reported that its operating profit halved to €181 million in 2008 due to the economic downturn Sales in its life, pensions and savings business fell by 27% in sterling terms (or 38% in euro terms), as 	<ul style="list-style-type: none"> Pay freeze for all staff at managerial level and above Hibernian Aviva is currently in "active dialogue" with union representatives in relation to the pay conditions of the majority of its staff 	<ul style="list-style-type: none"> Plan to transfer 450 Irish jobs to India over the next three years will be achieved through a combination of natural attrition and a programme of voluntary redundancies.

Company	Economic situation	Agreed solutions/ negotiated outcome	Comments
65. Jaguar Land Rover United Kingdom Source: The Independent www.independent.co.uk/news/uk/home-news/jaguar-workers-vote-for-pay-freeze-1637967.html	<p>customers were deterred by volatile stock markets. There was a particularly marked fall-off in single premium investment volumes.</p> <ul style="list-style-type: none"> Company has cut around 1,800 agency, production and management jobs in recent months because of the downturn in the motor industry. 	<ul style="list-style-type: none"> Key elements of the package include a pay freeze until 2010, no compulsory redundancies in the non-management workforce in the UK over the next two years, a four day week at the plants, a 40-hour working week for salaried employees with no increase in pay, full mobility of labour across the Jaguar Land Rover West Midlands sites and non-payment of a bonus for 2,400 salaried employees planned for this year. Costs involved in the future recruitment of agency staff will be reduced and a non-work related training programme will be suspended. 	<ul style="list-style-type: none"> Members of Unite and the GMB unions accepted the deal – 70% to 30% – after being urged to vote in favour by union officials The deal is intended to save up to £70 million in costs. The management agreed with the union that when the recession ends, the retention of a skilled and loyal workforce is an integral part to the ongoing success of the business. The firm employs around 15,000 workers.
66. Public Sector United Kingdom Source: Mail Online www.dailymail.co.uk/news/article-1164342/Public-sector-pay-goes-private-workers-suffer.html		<ul style="list-style-type: none"> Pay rises for millions of public sector workers were approved by the government at a time when private firms are freezing wages and cutting jobs The British Government has agreed to honour increases of more than 2% a year until 2011 In 2009-10, nurses will receive a 2.4% increase, with a 2.25% boost to follow the next year. Experienced teachers will get an additional 2.3%, with the same increase in 2010. The typical police constable will see his salary rise by 2.6% in 2009-10 - and will also get 2.55% rise for 2010-11. 	<ul style="list-style-type: none"> Official figures showed that 30,000 jobs were created in the public sector in 2008, while 105,000 were lost in the private sector. Public sector pay rose by 3.7% in the year to January 2009. Private sector pay fell by 1.1% in the same period.