

The Level Playing Field of Hungarian Social Partners before and during COVID-19 Pandemic

Case Studies from the Automotive Industry¹

Abstract

For numerous reasons, social dialogue in Hungary generally does not fulfil its role, either on the national, or on the sectoral, or workplace level. Social dialogue as a democratic process is dysfunctional since its institutions and mechanisms are not implemented democratically, and no real dialogue or actual debates take places. Instead, these mechanisms work in a top-down manner, the illiberal state and its central governing bodies expect certain solutions and answers, leaving no scope for a transparent democratic dialogue with the relevant social partners. Against this background, in 2019, we could witness major strike activity in the automotive sector. However, in 2020 after the COVID-19 pandemic, the Hungarian government vindicated full power by adopting the ‘Authorization Act’, which allowed the Government to introduce significant restrictions, practically without any time limit, without any debate in the Parliament, and without any guarantee for swift and effective constitutional review during the pandemic. Our research paper investigates these recent developments in social dialogue using a case study aiming to understand the underlying forces of collective actions organised in the automotive sector. Our research demonstrates that due to the lack of institutional guaranties, social dialogue is very fragile in Hungary, and the epiphenomenal victory in 2019 was a mere reflection on the labour shortage. Our mixed methodology which combines legal and sociological approaches is suitable to examine this complex issue; interviews conducted with representatives of labour and employers providing deep insight to motives and action in the closely circumvented level playing field.

1. Introduction

Involvement in decision making that affects one’s life is an essential part of human dignity (Sinzheimer & Shumway, 1920). This principle should be present in all areas of civil society, encompassing political and economic spheres, and including workplaces. Trade unions have traditionally represented the voice of workers through collective bargaining (Bogg & Novitz, 2012). Historically, industrial democracy became an effective

¹ This article is based on research findings of the authors during the *ETHOS - Towards a European Theory Of Justice and fairness*, European Commission Horizon 2020 research project. Project No: 727112.: <https://ethos-europe.eu>; [and the National Research, Development and Innovation Office \(NKFIH\) 128498 “Social Integration in Visegrad Countries” research project.](#)

force within the workers' movement primary as an idea of representative democracy (Müller-Jentsch, 1995). The principle of industrial democracy implies the replacement of unilateral regulations with joint decisions on matters concerning workplaces or employment conditions (Kahn-Freund, 1961). Thus, it is a socio-economic philosophy which proposes that citizenship rights in employment allow workers to partially or completely participate in the running of an industrial or commercial organisation.

Industrial relations were the subject of major transformation due to structural changes in capitalism (Boltanski & Chiapello, 2006). Because of changes in the institutional framework of the welfare state and forms of employment, individual career paths have become less predictable. These trends have made the labour market more dynamic and have brought with them more diverse forms of work and new jobs, requiring different skills, and at the same time, they also have the potential to contribute to increasing inequality and challenge time-honoured institutions. The vision of a just society has been seriously compromised and affected the material, institutional and mental aspects of collective actions (Lahire, 2011). However, there has been a dearth of empirical studies conducted to analyse collective responses to unjust treatment at workplaces in the Central East European (CEE) region. Our project could contribute to the literature on CEE labour unionisation by analysing the motives and the role of trade unions behind collective mobilisation.²

Introduction

While adapting the varieties of capitalism (VoC) approach to the CEE context Nölke and Vliegthart (Nölke & Vliegthart, 2009) (Vliegthart, 2010) identify a type specific to CEE, named dependent market economy (DME), characterised by structural dependence on foreign direct investment (FDI), drawn to its abundant supply of comparatively cheap and skilled labour, and by strong hierarchical control from headquarters to local subsidiaries. As the authors state, FDI and foreign-owned bank investment are the primary sources of investment in these countries. Labour relations are typically non-conflictual, and skilled labour is mainly attracted not by extremely attractive financial conditions but through high standard working conditions. DMEs are decentralised, while multinational companies (MNC)s are typically uninterested in (or even strongly object to) getting involved

² The fieldwork for this article was conducted in two main stages, the first one taking place during July- October 2019, the second one beginning just before the outbreak of the Covid-19 epidemic and getting concluded during the pandemic in the form of online or telephonic interviews. The rest of the interviews were made in person, in Budapest and some other major cities of Hungary. Representatives of major nation-wide TUs, as well as local unionists, were interviewed. The information gained from the qualitative individual interviews was complemented with media reports from the Hungarian independent media and press releases of major Hungarian TUs.

in national- or sectoral-level collective bargaining (Adăscăliței & Guga, 2018). This is important to keep in mind when trying to understand the various difficulties and obstacles of labour organising and collective action on various levels in Hungary. While analysing the various agencies involved in these processes (or lack of processes) on the governmental, trade union (TU) side and employer side the larger context of the political-economic context cannot be stressed enough.

2. Methods

We have adopted a mixed-method approach during our research, conducting qualitative interviews among union representatives complementing it with quantitative data on TUs and media reports about union activities in the country.

Our qualitative interviews were conducted in two main stages, the first one taking place during July-October 2019, the second one beginning just before the outbreak of the Covid-19 epidemic and getting concluded during the pandemic in the form of online or telephonic interviews. The rest of the interviews were made in person, in Budapest and in some other major cities of Hungary. Representatives of major nation-wide TUs, as well as local unionists, were interviewed. We used a semi-structured interview format, coming up with the main questions for the discussion identical for all the interviewees, but providing them with the opportunity to answer these questions at length and adapting them to the specific situation of the organization they were representing. We interviewed representatives of two nationwide organizations, two confederation leaders, two representatives of an office in charge of a transnational TU cooperation, one representative of a local independent union and two local-level representatives of a large national TU (altogether 9 interviews).

3.2. Employment Situation in Hungary

The automotive industry generates almost 21% of total exports in Hungary, making it one of the most important sectors of the national economy. There are more than 600 companies present in the country, employing a total of 100,000 people. Four large automotive manufacturers have production facilities in the country: Suzuki, Audi, Opel, and Daimler. Manufacturers' large scale investments have attracted numerous other investments from suppliers, small- and medium-sized local automotive companies have also become stable and strategic partners of car manufacturers. Cooperation between the representatives of the automotive sector and educational and academic institutions is strong and focuses on R&D. Numerous multinationals have set up R&D centres in Hungary, including Audi, Bosch, Knorr-Bremse and Thyssen-Krupp.

The employment situation in Hungary can be characterised by the parallel existence of unemployment and labour shortage. While the unemployment rate had been one of the lowest in the EU before the Covid-outbreak, the employment rate has been rising.³ For the first glance data seems to be contradicting; however it could be explained by the regulations concerning unemployment benefits: those who lost their jobs due the pandemic were unable to look for new positions and therefore were not qualified as jobseekers, and thus were listed in the statistics as inactive and not as jobseekers.⁴

[Figure 1 here]

Employment in Hungary continued to grow in 2019; various government measures contributed significantly to the growth in the number of people employed, such as large public work programmes and reduction of taxes and social contributions on work; therefore the employment rate of the population aged 15-74 is 70.1 % in 2020. By the end of 2019, employers in the primary labour market communicated vacancies numbering 270 600, 11.2 % higher than in the previous year. The skilled positions most sought after by jobseekers in the private sector in 2019 were – among others – shop assistant, general office administrator, security guard, bodyguard, and waiters and cooks.⁵ Some of the occupations which were identified as shortages in Hungary are truck drivers, industrial mechanics and building labour. (European Commission, 2019).

The number of vacant positions in the industry sector is one of the highest, in this sector, the vacancy ratio is also very high, which reveals the problems of the educational system. Vocational schooling in the industry is now based on a dual structure; students spend their apprentices to gain particular skills, which are not easy to convert to other areas. Overly narrow specification hinders labour market opportunities, other employers than the one where the training was completed cannot benefit from employees' knowledge. Due to the dual system, the general knowledge of students is also rather low, and many graduates struggle with the understanding of basic instructions. The problems of the dual educational system were summarised by a trade union leader as follows: 'students do not leave vocations school with a profession, they are not car mechanics or locksmiths, but only skilled workers, who are unable to work independently ... this creates huge problems for

³ Hungarian Central Statistical Office (<https://www.ksh.hu/docs/hun/xftp/gyor/mun/mun2006.html>).

⁴ By the definition of Act IV of 1991 Art 54 para (9), a jobseeker is an unemployed person who is cooperating with the national authorities and actively seeking for a job himself.

⁵ 42.5% of all jobseekers had completed the maximum 8 years of primary education, 22.7% had graduated from a vocational or skilled workers' training school, another 25.9% had passed the secondary school leaving examination, and 6.4% held a college or university degree.

employers, as low-trained people cannot operate very expensive machines [in the car manufacturing plants] and they cannot do any other jobs within the factory either.’ (D6.4-4) ‘Low-skilled employees, therefore, hamper internal flexibility at employers. One of the characteristics of MDEs is that MNCs are only willing to make limited expenditures for further qualification of employees; thus high-skilled professionals have been better appreciated by employers than before, and we can witness a real competition in retaining human resources. This competition has a certain upward effect on wages and working conditions.’ (D6.4-4) As a trade union leader stated before the COVID-19 outbreak, ‘workers do not even need trade unions [to fight for their rights], employers are willing to pay more voluntarily. If employees are unsatisfied with wages or employment conditions, they simply resign and move on. And with low wages and bad working conditions, an employer cannot fill the vacancies.’ (D6.4-6) Another trade union leader mentioned that ‘smart employers increase wages to maintain a high quality workforce, loyal to the company. But it costs a fortune, of course, and it has to be agreed by the headquarters.’ (D6.4-5)

[Figure 2 here]

[Figure 3 here]

43. Social Dialogue in Hungary

The government has made great efforts to narrow down the influence of social partners. The labour law reform was accompanied by the abolition of the tripartite nation interest reconciliation forum and drastically intervened in industrial relations. Afterwards, social dialogue as a democratic process became dysfunctional since these new institutions and mechanisms were not implemented democratically, and no real dialogue has taken place. Instead, these mechanisms work in a top-down manner, the illiberal state and its central governing bodies expect certain solutions and answers, leaving no scope for a transparent democratic dialogue with the relevant social partners.

~~The government effectively eliminated social partners from the employment policymaking process, which has an important spill-over effect on lower levels of social dialogue as well (Árendás & Hungler, 2019).~~

43.1. Tripartite Social Dialogue

After the abolition of the tripartite nation interest reconciliation forum in 2010, a two-tier social dialogue model emerged in Hungary. On the one hand, there is an official body which involves representatives from many

different areas of the society, but operating without any government agents. On the other hand, there is an informal council established by the government by a civil law contract and only selected organisations are part of it (Árendás & Hungler, 2019). The common denominator for these forums is that neither of them meets the requirements for national-level tripartite social dialogue set forth by ILO Convention No 144.⁶ As an interviewee noted, ‘the negotiations are like window displays, we meet and talk, then nothing happens. The aim is to demonstrate to the EU that we have tripartite social dialogue in Hungary.’ (confederation leader- D6.4-2)

The government effectively eliminated social partners from the employment policymaking process, which has an important spill-over effect on lower levels of social dialogue as well. Instead of genuine social dialogue, the related ministries and other government agents directly negotiate with certain large (multinational) business partners. An interviewee stated that ‘every single amendment of the Labour Code is a direct demand from employers’ representatives; the government takes the instructions and have the Parliament [where they have two-third majority] to vote for it.’ (trade union leader- D.6.5_2020-04) A good example could be an amendment of the Labour Code adopted in December 2018 (quickly nicknamed ‘slave law’).⁷ The law was adopted without prior consultations with social partners at the tripartite structures, and against the massive opposition of trade unions and a wide coalition of civil organisations, and opposition parties. Demonstrations and road blockades were organised around the country. The law increased the annual overtime to 400 hours (from 250) and also increased working time banking’s reference period to 36 months (from 12).⁸ These amendments could lead in practice to the excessive vulnerability of employees and further shift the balance to the benefit of employers. Commentators and trade union representatives argued that it was a part of the government’s agreement with one of the big automotive companies, which triggered a 1 billion EUR investment (even though the project is now delayed due to the COVID-19 outbreak). Trade unions opposed the adopted changes, presenting expert arguments, appealing to political decision-makers and the public. Following the adoption by

⁶ The Convention on Tripartite Consultation (International Labour Standards), 1976 (No. 144). Tripartite dialogue means that representatives of employers and employees as well as the government participate in negotiations on equal footing. The Conventions provides for that Contracting Parties undertake the duty to operate procedures which ensure effective consultations, concerning the matters concerning the activities of the International Labour Organisation between representatives of the government, of employers and workers, while employers and workers are represented on an equal footing on any bodies through which consultations are undertaken. Hungary ratified Convention C-144 in 1994 (Árendás and Hungler 2019).

⁷ Act No CXVI of 2018. The Minister of Innovation and Technology denied the allegations.

⁸ Working time flexibility is primarily ensured through implementing and allocating cumulative working time (or working time banking) when the actual working time schedule can be adjusted to the labour force requirement of companies. If working time banking is applied, the maximum working hours (without overtime) within the banking period shall be calculated based on the standard daily working time (eight hours) and standard work patterns (five working days a week).

the Parliament government parties, in less than 48 hours over 11.000 signatures were put on the online petitions calling the President to refer it back. None of the actions had any effect on the government or the adopted law.

Another TU representative sums up their limited space of manoeuvring by going back to 2012, marked by the introduction of the new Labour Code in Hungary and its negative effects on the employees' side: 'In 2012, the new LC was passed, and as a consequence of it, also due to the constant amendments, the employees and TUs ended up in a much worse situation. Their rights have been taken away or got infringed, and thus the TUs and labour representatives got into a very difficult situation at the workplaces.'

The Hungarian government has declared certain multinational companies as its strategic partners (see Figure 4); for example, at an opening ceremony of an Audi plant, Prime Minister Orbán highlighted that 'Hungary is today inconceivable without the presence of Audi' while Audi's CEO replied that the company felt 'at home' in Hungary.⁹ This is not an isolated case among German businesses; international corporations have been important enablers of Orbán's illiberal turn. The government has subsidised German automotive companies way above other players in the sector, while in return, these companies created more than twice as much jobs in the past six years than their competitors (see Table 1.), which goes some way towards explaining their 'vested' interests in maintaining the current legal and economic order. 'As a consequence, legal battles against the MNCs have become extremely difficult to fight' (D6.5-3), sums up one of the trade unionists based in the national headquarters. He is implicitly questioning the legal impartiality of courts, recounting how a legal decision has been made against their union in connection to a strike-situation in one of the Hungarian automobile manufacturing plants. 'The courts in Hungary today are not suitable to give a clear declaration on the minimum level service provision during a strike. The best example is the strike situation in M three years ago when the court basically ruled against our union, declaring that we did not follow the necessary steps. Okay, but the problem starts with the fact that if I declare a strike 48 hours in advance than the management has time to change the entire shift making our strike impossible.¹⁰ Due to the unpredictable preconditions, it is very difficult to organise a strike in Hungary nowadays...' (D6.5-5) In the COVID-19 context of the state of emergency, this has become simply impossible, as it will be discussed below.

[Figure 4 here]

[Table 1 here]

⁹ Benner & Reinicke (2017), <https://www.foreignaffairs.com/articles/europe/2017-07-27/investing-illiberalism>.

¹⁰ According to the Labour Code, a collective agreement can set the time for announcing the working time schedule shorter than the statutory 96 hours.

4.2. Sectoral and Enterprise Level Social Dialogue

The weakness of sectoral level collective bargaining is partly attributable to historical reasons. After the regime-change in 1990 large, state-owned enterprises were privatised and in the newly established market economy there was a high share of small and medium-sized enterprises (Borbély & Neumann, Neglected by the state: the Hungarian experience of collective bargaining, 2019). Despite the establishment of Sectoral Social Dialogue Committees in 2009, social partners have shown little interest in bargaining and only a few agreements have been concluded. Employers' organizations represented in these sectoral committees employ only a small proportion of employees, therefore the effort to create sector-wide uniform working conditions would not pay off. The economic crisis of 2008 also took its toll on sectoral bargaining, as long-term planning concerning finances and human resources became increasingly difficult for employers (Gyulavári & Kártyás, 2015). Moreover, in MDEs transnational companies do not accept high union density or comprehensive sectoral collective agreements (Nölke & Vliegthart, 2009). Correspondingly, sectoral social dialogue has lacked vitality and failed to become an important level of negotiation even though the European Union has made considerable efforts to strengthen it (Gyulavári, 2018). Traditionally, the main level of bargaining takes place at the enterprise level (Borbély & Neumann, 2015), and single employers conclude over 90 per cent of collective agreements.¹¹ The number of collective agreements concluded has significantly decreased over the past decade.

[Figure 5 here]

The crisis had a measurable effect on the number of newly concluded collective agreements; a another sharp drop could be seen in 2010 could be attributed to the uncertainties related to the re-codification of the Labour Code. However, the 0 when the new Labour Code, which came into effect in 2012, changed which changed the representativity rules and circumvented trade union rights came to effect (Horváth, Hungler, Petrovics, & Rác, 2019). The number of newly concluded agreements on enterprise level agreements dropped to 10 in 2019, which is an unprecedented decrease.¹² One explanation brings forth the extremely fragmented nature of TUs, especially in the automotive sector. Even though trade union density and collective agreement coverage is altogether higher than general in the automotive sector (Müller, Vandaele, & Waddington, 2019), there are many small trade

¹¹ National Labour Office database on collective agreements, http://mkir.gov.hu/lista2_1_3_1.php

¹² Data extracted from the Ministry's registry of collective agreements, information is only available in Hungarian (<http://www.mkir.gov.hu/>).

unions operating in the sector, making interest representation difficult.¹³ For example at Audi five trade unions are present, most of them has very low membership, whereas the independent trade union (Audi Hungary Independet Trade Union, AHFSZ) organises 70 percent of the employees.¹⁴ As an interviewee described, ‘fragmentation had dated back to the 1990s when independent trade unions mushroomed as a part of the democratic transition. Later on, some of these trade unions get politicised...since we all know how much financial support the government gives to its political allies, and we can see that for a certain amount of money, you can buy [their] loyalty.’ (D6.4-1) In the automotive sector, other factors contribute to disunity. Multinational car manufacturing companies have large supply chains, where employers belong to other industrial sectors than the automotive, like metal, textile or glassworks, and sector-specific unions organise employees instead of being organised by an inter-sectoral union. As an interviewee stated: ‘if we can add all people to one organisation, we could have a really large membership, like 50-60 thousand people. Such a large trade union would be able to shape the sectoral policy and would be able to conclude collective agreements that create significant changes.’ (trade unionist, D6.5-5)

The lack of sectoral and inter-sectoral dialogue between employers and the workers' organisations is explained by a TU representative as a consequence of one-sided governmental steps, ‘pleasing’ the employers and not preventing the exploitation of the workers, considering it as a precondition of the country’s competitiveness. In other words, the MNCs are not forced to negotiate with each other, e.g. about maximum working hours to retain workforce; instead, the government is approached to bend the legislation in favour of the needs of the large employers of the local labour market. ‘You ask me why doesn't sectoral dialogue work in Hungary? Due to such large automobile manufacturers as A or B. There is no appropriate legal environment which would force them to sit together and negotiate on the mesolevel (sectoral social dialogue). For instance, the upper ceiling of the extra working hours could have been negotiated. What have they done instead? They walked into the sectoral ministry, they complained about their issues, and the law has been modified. They submit their orders to the government and the Faculty of Law in X, and the Y's Legal Office starts working on their request and the new law is made. That's why there is no sectoral dialogue with the TUs. They are not forced to talk to us. This is how it was before 1990, even though it was not as evident and strong as now...’ (trade unionist, D.6.5-2) This tendency has continued after the COVID-19 pandemic, after the emergency was called off, special regulations were enacted to deal with the aftermath of the outbreak. Act LVIII of 2020 upheld the possibility for employers

¹³ In the absence of official data, it is rather difficult to estimate the actual level of on trade union density, data are combined from trade unions’ report about membership data and ETUI reports.

¹⁴ Data collated from the AHFSZ’s and Audi’s websites.

to unilaterally introduce a 24-months working-time banking scheme, which was one of the special provisions of the emergency labour laws.¹⁵

When speaking of the major barriers and opportunities of sectoral representation through the case study of the automobile industry, several factors need to be accounted for. This is a sector with significant weight and importance in the national – and global – economy (providing 10% of the yearly GDP in Hungary),¹⁶ which has also been affected by the increasing labour deficit in the region. In the pre-pandemic context, the bargaining position of collective representation, including independent factory unions, works councils and large nation-wide unions spread across the metallurgy sector, was perceived to be relatively strong from the side of the workers' representation. However, the fragmented landscape in the automobile (and metallurgy) sector did not help the cause, as it was also pointed out by the different union representatives.

This fragmentation is often lamented upon, or what prevents different pro-labour actors from joining forces. One of the large union's representatives, while acknowledging the need for sectoral cooperation and thus representation, admits the lack of willingness on the top level of the leadership: 'There is an increasing need for sectoral collective agreements, especially in the automobile industry. This can't take place without the XY union (names an independent union), but without ZY union (the biggest union in the sector) either; the two unions should cooperate...But unfortunately, our leadership doesn't see the need for it yet...'(an employee of an office in charge of transnational cooperation, D 6.5-1.1) As one of the union representatives pointed out, collective agreements are a regular topic of discussion. As it is argued on the TU side, it would be of interest for both the employer and employee, leading to more stable and reliable industrial relations. 'We keep saying for a long time that we would need a multi-employer collective agreement on the enterprise level.¹⁷ This would serve the interests both of the employee and the employer. This is a self-goal now as, under a certain level, there is no labour force to be found.' (D6.5-2)

Why multi-employer level agreements are not concluded in this sector is related to multiple factors: malfunctioning industrial relations on the national level, lack of transparency on the governmental side when it

¹⁵ Government Decree 104/2020 (VI.10.) on working time. Formerly, following Articles 16 and 18 of Directive 2003/88/EC on working time, the reference period for working time banking longer than 4 months should be agreed in the collective agreement (Section 94 of the Hungarian Labour Code). The Government Decree overwrote this rule.

¹⁶ Hungarian Central Statistics Office,

https://www.ksh.hu/docs/hun/xstadat/xstadat_evkozi/e_oia004b.html?fbclid=IwAR2j4Nj7AuH907i7kIs4pFfVADl7Ltz8dChDOth3KS5C4BWhGYDqiFW5Sw.

¹⁷ Multi-level collective agreements are concluded with a trade union and an employer's interest representation organisation, covering all employees of the contracting employers, however it is different from a sectoral level collective agreement which is concluded by the sectoral collective bargaining committees, covering the whole industry sector, not only the contracting parties' employees.

comes to individual 'deals' with some of the major employers (German car manufacturers), legislation favouring the employer and providing a minimal scope of manoeuvring for the TUs. Even when the economic situation with significant labour shortages emerging in different sectors of the industry pointed to a good bargaining position of workers' representation, these one-time chances are not capitalised upon on a sectoral level, only through individual deals on a plant level. A similar pattern was noticed recently in the Romanian industrial relations (Vallasek & Petrovics, 2019)

Moreover, beyond the sectoral level, certain aspects of the regional or transnational characteristics emerged at emblematic moments of these relations, such as during the wage negotiations at the major Hungarian plants involved in automobile production. During these wage negotiations of the last 2-3 years, a clear CEE context has emerged, comparing Hungarian workers' wages to the wages in the plants of neighbouring countries, providing the basis of wage demands. 'The salaries are the highest in NN factory in a Hungarian context, but it turns out that in the XY concern we have the lowest... We work sincerely, in good quality, and still, get the lowest wage. This is all what it's all about. The tension came from this, too; the factory did not want it to become a trend. Because last year it was in Slovakia or the Czech Republic? The Hungarians have accepted that they will never have the German wages, but will not swallow that the Hungarian worker is not worthy of a Slovak or a Czech one...' (D6.5-6) Data suggest that salaries in the CEE region indeed differ; the gross average monthly salary in the automotive industry ranges from EUR 472 in Ukraine, EUR 801 in Serbia, to EUR 1,145 in Hungary, EUR 1,326 in Croatia, EUR 1,470 in Slovakia, EUR 1,561 in the Czech Republic, and EUR 1,545 in Slovenia.¹⁸

To add to the complexity of the picture, the automobile industry began to face labour-shortage in the pre-COVID context and is undergoing a major transformation due to technology change (related to the shift from traditional petrol-driven cars to electric ones), and due to the increase in robotisation and the changing needs for labour qualification. The pandemic situation with the lockdowns temporarily halted production lines, changed labour distribution and limited mobilities of the workers. Moreover, due to the special powers to tackle the COVID-19 crisis, the government unilaterally adopted measures directly affecting labour law. Employers had the right to modify work schedule already announced;¹⁹ employers could unilaterally order employees to work from home or to work remotely; employers had the right to take necessary and justified measures for

¹⁸ <https://www.paylab.com/newsroom/growing-pressure-on-automotive-industry-wage-growth-in-central-and-southern-europe/50291>, Hungarian Central Statistical Office, <http://www.salaryexplorer.com/salary-survey.php?loc=54&loctype=1&job=10&jobtype=1>.

¹⁹ Labour Code section 97 para (5).

checking the health of employees. During the state of emergency, parties were allowed to freely change the labour conditions and wages by modifying the labour contract. This provision allowed deviations from the Labour Code, including binding legislative provisions which confer more extensive rights and greater protection on employees, such as rest periods or regulations related to damages.²⁰ It is argued, however, that this interim regulation favoured the unilateral will of employers to prevail on the content of the labour contract as the individual bargaining power of employees is rather poor. As long as the decree was in force, provisions of collective agreements derogating from the rules set out in paragraph must not be applied.²¹ Employers were also able to expand the reference period for working time banking unilaterally.²² This was another major hit on trade union rights after the above mentioned 'slave act', as formerly this type of derogation was subject to a collective agreement. The amendments made either unilaterally or by mutual agreement were in force until the expiry of a period of thirty days following the end of the state of emergency. However, after the state of emergency was lifted, the law reinforced the extended reference period for working time banking and stipulated that collective agreements regulating this issue are not applicable. Since the government provided significant financial support for the automotive industry in 2020 right after the end of the official state of emergency to create new jobs, most likely these employers will not be keen to bargain collectively, and in the meanwhile they expect industrial peace to be ensured by the government.

5.4. Collective Actions

The right to organise a strike is guaranteed by the Basic Law of Hungary and Act No VII of 1989 on Strikes.

Strikes may be organised to protect the economic and social interests of the employees. Although it is a right of employees, strikes are usually organised by trade unions, while a solidarity strike is in the exclusive competence of trade unions. The Act on Strike was amended in 2010 to the detriment of trade unions and employees.

Amendments concerning minimum service level²³ created a two-tier regulatory system. In some sectors, the

²⁰ Normally only collective agreements may derogate from the rules on the employment relationship to the detriment of employees. See Art 277. of the Labour Code.

²¹ Government Decree No 47/2020 (III. 18.) section 6.; for the full text in English see: https://njt.hu/translated/doc/J2020R0047K_20200319_FIN.pdf; opposition politicians filed a claim to the Constitutional Court to abolish the decree arguing that the unlimited scope given to employers and employees to defer from the binding rules of the Labour Code is unconstitutional and infringes several EU regulations and directives, such as the GDPR (case no. II/00887/2020), however, it is unlikely that the Constitutional Court deals with a piece of legislation which is already not in force.

²² Government Decree 104/2020 (VI. 10.).

²³ Businesses carrying out essential services for the public are required to provide a minimum service level during the strike. No statutory norm defines the personal scope of this regulation; it is decided on a case-by-case basis by courts.

minimum service level is set out by a statutory norm.²⁴ In other fields, parties have to agree on the minimum service level. If their negotiations fail, the labour court sets the level following the last offer of the employer. The court process, even though the law sets a short 5-day procedural deadline for courts,²⁵ is very sluggish in practice. In many cases, the final decision takes months or even half a year, which makes the strike meaningless as demands become obsolete. As an interviewee explained: ‘we informed the employer about our demands together with the proposed days of the strike in September 2019. The employer disagreed with our proposal; thus, the court procedure started. The formal deadline for decision making would have been the 31st of October 2019. When no decision was made, we filed a complaint at the end of November, but the court rejected it. The first instance decision was eventually delivered on the 24th of January 2020, in which the court decided that our proposal for minimum service level provision was not accurate, as possible changes in the weather were not taken into account, and the required service level may rise in case of bad weather. Both parties asked for a revision, and finally, the second instance decision was delivered in May 2020, prohibiting the strike altogether due to the COVID-19 situation, as strike cannot be organised in case public safety and health is threatened.’ (D6-5-6) No doubts, if the court decision had been rendered in time, the strike would have been organised lawfully.

Until the minimum service level is not decided, the strike cannot be lawfully organised. Therefore, a newly introduced system has had a coercive psychological effect on trade unions because the burden of unlawful action is overly heavy on organisers. The amendments have had a detrimental effect on the number of strikes, between 2010 and 2019 altogether 341 collective actions were organised, and only 64 were strikes or warning strikes.

Due to the uncertainty about the lawfulness of collective actions and to the administrative burden related to the court process, ~~trade unions and~~ civil organisation prefer to organise action other than strike, mostly marches, which is governed by the act on freedom of assembly.²⁶ These alternative actions are significantly less effective than strikes. While employees’ demands are rarely fulfilled completely, strikes and warning strikes are the most effective means of protest, altogether around 60% of them lead to at least partial success (Berki, 2019).

[Figure 6 here]

²⁴ At the moment two areas are covered by the law, public transport and postal services.

²⁵ Act CXVIII of 2017. Section 1. para (1).

²⁶ Act no. LV of 2018 on freedom of assembly.

Against this legal and institutional background, it was rather surprising that the strike activity significantly increased in 2019. In this year 16 strikes were organised, which was way above the number of actions took place in previous years. The ratio of collective actions organised by trade union has been growing, in 2019 it was 75%. In 48 cases, more than one trade union took part; however, only one action was organised by a trade union confederation (Berki, 2019).

[Figure 7 here]

[Figure 8 here]

Data suggest that most collective actions aim to increase wages. Even though the national average wage has grown by 81% between 2010 and 2019,²⁷ it is not evenly distributed among workers. The statutory minimum wage has increased year by year; however, it does not have an upward effect on the whole wages structure. Experts even suggest that about half of the active population earns less than the average, and about 1.1 million workers are on minimum wage, which is approximately 24% of all employed people²⁸ (Berki, 2019, pp. 7-8). This unevenness creates huge tension between workers, especially in situations where due to labour shortage employers need to hire new staff for significantly higher wages than those of the employees who have long service ~~time~~.

~~The government started launching extensive public work programs in 2011; however, until 2014, the unemployment level remained high. Most of the people employed in the public works scheme could not be reintegrated to the primary labour market because their skills and competences had deteriorated (Dudás, Halmos, & Kártyás, 2018). Labour shortage had become a severe problem for employers in the past few years, as since former public workers could not be hired for skilled jobs, and~~ it is estimated that about 400,000 qualified workers have left Hungary to work abroad, ~~labour shortage had become a severe problem for employers~~. To overcome this issue, third-country nationals have been increasingly hired, mostly from Ukraine, Serbia and Mongolia. However, due to cultural differences and hidden costs like travel and housing allowances in many cases, it does not solve the problem but creates new ones. As a trade union leader mentioned it: 'employees [from third countries] working for our suppliers make a lot of scrap ... even if they are a lot cheaper than locals, it is a

²⁷ Central Statistical Office of Hungary: https://www.ksh.hu/docs/hun/xstadat/xstadat_hosszu/h_qli001.html.

²⁸ Central Statistical Office, Hungary: <https://www.ksh.hu/docs/hun/xftp/gyor/fog/fog1906.html>

dead-end ... and there are many cultural problems with them too.' (interview with a local TU representative, D 6.5-3)

Against this background, the automotive sector was hit by a wave of strike actions in 2019. In January the internal trade union at the Audi plant in Győr (AHFSZ) called for a strike, paralysing not only the Hungarian but the German production site as well. ~~The~~ After the 156 hours strike, which was the longest one since the 1990s, AHFSZ have partially achieved their demand for an increase in wages. When production in several European locations was also threatened, the carmaker agreed to an 18 per cent increase in wages.²⁹

In March 2019, workers at Korean tyre maker Hankook's plant in Dunaújváros, in central Hungary, started a strike over remuneration, supported by more than 80 per cent of workers. Hankook's management had flatly rejected the trade union's demands and strongly harassed and intimidated strikers, and offered 50 per cent wage increases for those who break the strike. A lack of any good faith bargaining led to a two-hour warning strike on 6 March that caused the company to increase pay by 13.6 per cent, however that increase was made without direct discussion with the union. The full strike began on 12 March demanding further and more evenly-distributed increases to pay and benefits and lasted for 10 days. Strikers received wide solidarity support from unions in Hungary and abroad. The overall gains negotiated for workers combine different improvements that add up to an average of 18.5% increase.³⁰ In Kecskemet workers at the Daimler plant had won an increase in wages of over 20 per cent. At Mercedes, a two years wage agreement was concluded following long negotiations between trade unions (the Union of Metal Workers and the Free Trade Union of Engineers and Technicians) and the employer increased the basic salary by 35% in two years as a total.³¹

Interestingly, even though tension was very high, employers refused to negotiate with trade unions or employee representatives in most cases which demonstrates well the spill-over effect of the national level social dialogue. At the Hankook plant, instead of bargaining, employers provided unilaterally created wage schemes for employees, which was first rejected by the trade union. Audi's local management also delayed the negotiations until the Hungarian strike started affecting the production in Germany, which resulted in one the longest work stoppage in the past 30 years.

²⁹ <https://www.reuters.com/article/us-audi-hungary-strike/audis-hungarian-workers-end-one-week-strike-trade-union-idUSKCN1PO2D0>

³⁰ The settlement included a 6% increase in shift allowance for all, improvement to the annual personal bonus, improvement of the seniority loyalty bonus, and fair distribution of wage increases. <http://www.industrial-union.org/vdsz-historic-hungarian-hankook-strike-settled-with-major-gains>.

³¹ News release: <https://fr.reuters.com/article/idUKKBN13J1CO>

Employees and trade unions were not only very determined to achieve higher wages, but in certain cases, trade unions created a solidarity fund to pay social aid for those who were on strike and therefore did not receive wages for those days when work was stopped. Partially due to this action, trade unions' membership was significantly increased during the strikes; for example, members of the independent trade union at Audi increased to 9300 from 8700.³² The sudden increase in organisation rate gave high hope to certain trade unions, and a wave of mobilisation started in the metallurgical sector right after the successful Audi and Hankook strikes. On the one hand, the successful strikes sent an alarming signal for other TNCs. Some of the big players willingly engaged in bargaining with trade unions to avoid strikes; successful wage negotiations were reported from Robert Bosch and Mercedes-Benz factories. On the other hand, some players of the sector did not change their strategy and successfully continued to reject negotiations despite the strike threat; no collective bargaining took place at Starters E-Components Generators Automotive Hungary and Thyssen-Krupp, even though workers are organised by the same union which achieved a good deal at Hankook.³³ The toughest situation emerged at the Suzuki plant, where the trade union leader was dismissed with immediate effect, and the management announced a new wage scheme bypassing the trade union.³⁴

It is agreed that the need for representation is more or less present, though some TU representatives admitted that in the specific scenario of labour shortage before the pandemic is the natural laws of business that works for the employees (Hepple, 2005). If labour conditions are not sufficiently good, if the pay offered is not enough, workers just walk away. Even if new labour is hired in their place, they will be falling behind in terms of their qualification, which will show negative results in the production and quality; therefore, it will not make economic sense for the employer. This was roughly the logic in case of two major strikes in the automobile industry in 2019 and the foundation of their bargaining power, and ultimately, victory in their demands.

6.5. An Alternative to Collective Bargaining – Third-Country Nationals as Temporary Agency Workers

It is often reported that employers try to prevent salary raises and to get away with poor working conditions by employing sub-contracted labour or third-country nationals. The sub-contractors are typically made to bid

³² News release, <https://partizan.mercede.hu/2020/05/01/suzuki-szakszervezet-eltiprasa-tortenet-kirugtak-partizan-dokumentumfilm/>.

³³ News release: https://www.napi.hu/magyar_vallalatok/no_a_feszultseg_a_magyar_boschnal_is_berharc_a_jarmuipari_cegeknel.677774.html.

³⁴ News release: <https://mercede.hu/2020/02/26/egyoldaluberrendezest-hajtana-vegre-suzuki-a-szakszervezet-magasabb-fizetesert-targyalna/>.

against each other, which leads to cut-backs in salaries as in terms of costs, other components of the bid are difficult to reduce.

Since Hungarian wages are still much higher than those of in Ukraine or Serbia, employers – though facing many challenges – are not forced to increase domestic salaries, as they can hire ‘cheaper’ foreign workers. This creates an additional impediment for trade unions when fighting for higher wages and better working conditions. Moreover, the above mentioned ‘slave act’ provides that employees can ‘voluntary’ take up extra overtime. Due to this amendment, the annual overtime is increased from 250 hours to 400 hours.³⁵ Voluntary overtime is definitely more beneficial for those employees who are temporarily working apart from their families; thus, free time is less valuable for them than overtime allowance.

Despite the political rhetoric of the Hungarian government which is head-strong against immigration, gentle concessions behind the scenes have been made in the area of imported foreign labour. From 2016 employment of third-country national is way less bureaucratic than before, the Finance Minister decides on the number of people who can get hired without working visa. The number of third-country national who can be employed in Hungary is around 55-59 thousand people per calendar year.³⁶ However, it is estimated that the actual number of third-country workers is much higher, around 75 thousand people.³⁷ These labourers or ‘agency workers’,³⁸ typically from neighbouring non-EU countries such as Ukraine and Serbia, but more recently even from the Far-East such as the Philippines, Bangladesh, India or Mongolia were brought in to ease the labour demand in some sectors via agencies recruiting and 'selling' labour to specific employers. In the automobile industry, they are used typically by sub-contractors and on a temporary basis. During the COVID-19 outbreak, when the production lines had to be stopped, and the need for labour force subsided, they were the first ones to be dismissed and 'shipped back' to their respective countries.³⁹

³⁵ [Labour Code \(Act I of 2012\), Section 2 Art. 109.](#)

³⁶ [Announcement of the Minister of Finances](#), Official Gazette, 2019/7 (II. 14.).

³⁷ A news release about the conference of the Hungarian Economists Society:

https://index.hu/gazdasag/2020/03/05/munkaeropiac_kulfoldi_munkavallalok_munkaerohiany/. The speakers also argued that the National Bureau of Employment refuses to provide statistics on migrant workers.

³⁸ Temporary agency employment is where a worker is employed by the temporary work agency, and then is hired out to perform his/her work at (and under the supervision of) the user company. There is considered to be no employment relationship between the temporary agency worker and the user company, although there could be legal obligations of the user company towards the temporary agency worker, especially concerning health and safety. The relevant labour contract is of limited or unspecified duration with no guarantee of continuation. The hiring firm pays fees to the agency, and the agency pays the wages (even if the hiring company has not yet paid the agency). Flexibility for both worker and employer is a key feature of agency work.

³⁹ News release: <https://www.promenad.hu/2020/03/12/koronavirus-utazgathatnak-e-a-vasarhelyi-vendegmunkasok-es-szurik-e-oket/>.

It seems from our interview data that the TUs are not very interested in organising this foreign segment of the workforce for various reasons. First, agency workers stay only temporarily in the host country, their loyalty toward the union (or toward the employer) therefore is questionable; second, as they are not involved to the host country's labour market, they do not constitute competition to the domestic workers; third, they are difficult to organise for many reasons, like cultural differences of language barriers (Meszmann & Fedjuk, 2020). As one of the TU representatives puts it: 'There are serious cultural problems with the Serbian, Ukrainian, Mongolian workforce', by which they mean the additional costs and 'hidden risks' involved in employing people from abroad. 'If they don't pay the market price for the workforce, additional costs quickly emerge such as accommodation costs, additional costs linked to 'special workers' (a category defined in the Hungarian labour law such as 65+, people with physical challenges, women returning after a maternity leave etc.).' (D6.4-5) As the same TU representative sums it up, the main problem with 'agency workers' is their 'low level of loyalty' to the company and stronger fluctuation. (D6.4-5) One can of course turn back the question and ask how one can be loyal after 2-3 months and that on agency work, which provides minimum levels of job safety, and with a constant sense of threat of being laid off anytime. Fluctuation is also a consequence and not a cause characteristic which well-describes the vulnerable situation of 'agency workers'.⁴⁰

Hence, it is more or less clear from these interview excerpts that the large unions do not want to handle agency workers as their situation is unstable and perhaps not worth fighting for since their numbers are still relatively low and they are used as a buffer in a volatile production situation, where the labour demand of the sector/ particular plant keeps changing fast. Even though the EU directive on temporary agency work⁴¹ stipulates that Member States may provide that, under conditions that they define, temporary agency workers count to calculate the threshold above which bodies representing workers provided for by Community and national law and collective agreements are to be formed in the user undertaking, in the same way as if they were workers employed directly for the same period of time by the user undertaking,⁴² the Hungarian lawmaker renders that only employees directly employed are counted for the threshold.⁴³ Therefore, trade unions

⁴⁰ According to the Hungarian Labour Code, agency workers can be dismissed if the user company ceases the commercial contract, their salaries do not need to be equal to those of the permanent employees until the 184th day of the assignment, and their entitlement to severance payment is subject to the length of service at the last assignment (sections 2019-220 of the Labour Code).

⁴¹ Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work *OJ L 327, 5.12.2008, p. 9-14*.

⁴² Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work; Article 7.2.

⁴³ [Labour Code section 276 para \(2\) point a\).](#)

ultimately protect the regular, domestic workers and are not interested in putting extra effort into organising agency workers (Benassi & Vlandas, 2016) (Benassi, Dorigatti, & Pannini, 2019).⁴⁴⁴⁵

7.6. Transnational Industrial Relations

Since the 1970s various mechanisms, processes, and institutions have appeared within the framework of the European Union to promote transnational social dialogue (Ales, et al., 2006). However, many of the problems related to international collective bargaining remain unresolved now as they were then. As Otto Kahn-Freund pointed out, industrial relations are power relations, and while most of the issues related to national industrial relations have been sorted out, these questions are recurring now on European or international levels. Rojot argues that these issues are similar in the relationship between trade unions and employers' associations, regardless of their geographical location (Rojot, 2013).

The first and most important issue is related to the transmission of power, which affects bargaining power as well. National and local unions are not yet ready to empower their international federations, while international federations are unable to demonstrate sufficient bargaining power. Had they been able to build up enough bargaining power, there would have been memorable international collective actions, such as strikes or boycotts, argues further Rojot on the employers' side, it is argued that management has no power to control its entire network of subcontractors and cannot influence decision making related to the workplace down in the supply chain. These power-related issues are much connected to the question of legitimacy. If bargaining eventually took place, it would be difficult to clarify who bargains and for which constituency. Both trade unions and employers' associations are divided along with national, political and industrial interests; therefore, it is always doubtful whether an organisation can sincerely represent another one during the negotiations. This ideological dividedness could be seen in the case of Hungary as well.

A further problem raised by transnational collective bargaining is the enforceability of the transnational company agreement. Enforcement could be broken down to three interconnected issues. First is that transnational collective-company agreements are generally not legally binding. Based on national law, it could be treated as a valid agreement; however, there are quite different industrial relations traditions across Europe

⁴⁴ Although it is a general trend in Europe, it is noteworthy that in Germany collective agreements have been concluded on agency work in the metalworking sector, where labour is strong and united. See: Jaehrling K, Wagner I and Weinkopf C (2016) Reducing precarious work in Europe through social dialogue: The case of Germany. Available at: <http://www.iaq.uni-due.de/publikation.php?y=2016>

⁴⁵ Labour Code section 276 para (2) point a).

concerning the legal characteristics of agreements, especially that of collective agreements (Schiek, 2005).⁴⁶ Second, to this day, there is no international forum to which a dispute could be brought, and a transnational bargaining company agreement could be contested. Furthermore, third, there is no legal international remedy available either.

Although to date, there have been relatively few examples of complaints concerning international framework agreements in January 2019 IndustriALL⁴⁷ suspended its global declaration on social rights and industrial relations at automotive company Volkswagen, for the reason that the enterprise refused to allow workers at one of its plants in the United States to join a union.⁴⁸ This example demonstrates that any complaints that are raised often relate to breaches of the agreement's provisions on freedom of association and the right to collective bargaining. Since these agreements serve to promote key features of the respective national models of social partnership and cooperative industrial relations, they are more relevant to companies that have headquarters located in social market economies where collective interest representation is the basis for the regulation of work and the labour market. It is therefore not surprising that the spread of framework agreements has so far remained quite limited among transnational enterprises; therefore, the voluntary nature and the lack of remedy seriously question the actual impact of international framework agreements.

Cross-border collective bargaining resulted from the European Monetary Union (EMU) to avoid a race to the bottom concerning wage costs because of international competitiveness. The creation of the EMU and the requirements and constraints regarding the coordination of collective bargaining can be seen as the main driver for developing wage coordination at the EU level (European Parliament, 2011).

Absent any European legislation, TCB has continued to develop in a legal vacuum. The spontaneous forces, however, were more beneficial for management than labour (Senatori, 2013). This could be explained by the power asymmetry between labour and management, as most of these transnational negotiations happened in the shadow of the economic crisis when job losses were at stake (European Parliament, 2013). Workers were played off against each other and forced to agree with lower wages and detrimental working conditions. Employee representatives, such as trade unions and European Works Councils, were forced to reframe their traditional set of goals and redefine collective interests, shaped around a pluralistic notion of solidarity (Sciarra, 2010). Globalisation has not empowered workers and trade unions as much as MNCs have

⁴⁶ For example, in the UK, a collective agreement is assumed to be voluntary and not legally binding, unless it is in writing and contains a statement that the parties intend it to be of legal effect.

⁴⁷ IndustriALL Global Union represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors.

⁴⁸ <http://www.industrialall-union.org/industrialall-suspends-global-agreement-with-volkswagen>

benefited from it. While trade unions are usually locked up in their national laws, and instead of seeking international partnerships, they have no other choice but to follow a nationalist-protectionist strategy (Kagnicioglu, 2013).

A different type of logic is being presented by a Hungarian TU representative who argues that the interests of the German and Hungarian workers coincide as far as earlier achievements of the German trade unionism need to be now defended on the semi-peripheries of Europe where German capital tries to find cheap(er) labour under worse working conditions. If these 'double standards' are allowed by local TUs, it will have/ or already has a negative impact on the achievements regarding workers' rights in the 'mainlands'. (TU representative, D 6.5-1). 'The Hungarian interests are identical to the German one, as the latter ones need to be defended right here. When we fight against the precarity of the Hungarian worker when we defend wages ~~th~~ean our interests are the same. It is weird to say, but ultimately, we are reducing the marketability of our country, or at least we are making it into more difficult terrain. A lot of things are being tried out here by the German and take it back as a best practice to Germany. You don't want to work 35 hours a week? Okay, but I will make them work in Hungary for even 48 hours a week. I will take the production there. The blackmailing potential of the company will increase this way. They will transfer some of the shifts there, and sooner or later will close down the production [in Germany]. IG Metal has its basis among the blue collars, not among the white-collar workers. They try to guard the basic values fought for 10 or 20 or 30 years ago'. (employee working for the office on international union cooperation, D 6.5_2020_01)

Other TU representative is slightly more cautious about adopting the German model, pointing out the different socio-economic traditions in the two regions (Germany and Hungary), and as a matter of fact the cultural differences too. 'There is no footprint in front of us in the snow, and we don't know how this is going to work out if the German practice can be transferred here if cultural differences can be fought against. But it seems it can work...' (D6.5-6)

Since the automobile industry has become a leading sector in several countries of the region such as in Slovakia, the Czech Republic, Poland or Romania, it seems almost evident that a certain degree of knowledge sharing and mutual learning takes place among TUs in these countries, resulting in regional transnationalism. The biggest Hungarian TU in the automobile industry is part of several transnational, European-level, world-wide as well as regional cooperation of the metallurgical sector. They also maintain bilateral relations with their Swedish and Danish counterparts; the latter ones seem to be a lively working relationship on a day to day basis. The so-called 'Vienna memorandum' is a TU cooperation between Slovak,

Czech, Austrian, German TUs with regular meetings and joint strategic planning. The near future with rising economic instability and shooting-up unemployment rates will definitely call for not only stronger sectoral and national industrial relations, but for clear regional TU strategies, envisaged both from below (local unions) and from above (from the existing and emerging transnational structures). While in the period succeeding the economic crisis of 2008, plant-level negotiations proved to be the most effective, and often only ways of real social dialogue, the current situation needs more sectoral solidarity and solidarity beyond state-borders. Fragmentation on multiple levels works against labour interests and deepens the crisis.

87. Conclusions

As the government systematically bypassed social partners in decision-making processes, it was not surprising that emergency decrees were enacted without any forms of consultation. The first state of emergency was formally lifted in mid-June 2020; however, revocation of the special powers would be illusionary, leaving the authorities with enhanced powers.⁴⁹ Firstly, a “coronavirus protection act” adopted by parliament on 30 March had enabled the cabinet to rule by decree until it decided to end the state of emergency. Secondly, regulations weakening social partners bargaining positions remained in force; by lifting the binding power of collective agreement in certain issues, the government reinforced the message that social partners are unimportant and could be belittled when employment conditions are settled. This approach further increases the power-imbalance of employees and employers in the automotive industry, where wages and employment conditions were subject to market forces rather than social dialogue. The crisis has already had an impact on employment ratio, more than 110 thousand people lost their jobs during the pandemic, and the unemployment rate has raised from 3.8 per cent to 6 per cent by June 2020. If employees are left without collective protection in times of recession, their precarity will drastically increase, deepening the social and economic crisis in the country.

⁴⁹ Even though the Government eventually revoked the Enabling Act (Act LVII of 2020 and Government Decree No. 282/2020 (VI. 17.)), this unprecedented power concentration has further weakened social dialogue and allowed the Government to adopt labour market measures bypassing social partners.

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Tables and Figures

	2020		2019		2018		2017		2016		2015		2014	
	Gov.subsidy (1000 HUF)	Number of vacancy	Gov.subsidy (1000 HUF)	Number of vacancy	Gov.subsidy (1000 HUF)	Number of vacancy	Gov.subsidy (1000 HUF)	Number of vacancy	Gov.subsidy (1000 HUF)	Number of vacancy	Gov.subsidy (1000 HUF)	Number of vacancy	Gov.subsidy (1000 HUF)	Number of vacancy
Germany	27 673 726	1631	32 974 531	1667	34 657 187	3334	13 572 736	1971	31 217 495	2785	1 413 042	323	3 027 879	1028
Hungary	0	0	1 482 576	100	5 173 926	797	0	0	1 316 497	155	6 026 635	380	0	0
Other EEC	0	0	2 877 288	205	436 848	115	2 752 493	367	0	0	2 980 211	850	0	0
Japan	0	0	3 721 244	391	2 771 899	300	746 509	120	1 918 280	160	794 240	129	1 995 200	300
South-Korea	12 176 610	697	769 275	135	8 174 775	410	0	0	0	0	0	0	0	0
USA	0	0	1 242 411	220	0	0	4 616 099	800	0	0	0	0	761 250	109
Other non-EEC	1 361 177	110	0	0	3 377 997	532	769 275	100	0	0	0	0	406 033	100
Total	41 211 513	2 438	43 067 325	2 718	54 592 632	5 488	22 457 112	3 358	34 452 272	3 100	11 214 128	1 682	6 190 362	1 537

Table 1: The amount of government subsidy (in 1000 HUF) and the number of vacancies created by the country of origin of companies in the automotive sector between 2016 and 2020 (Source: Hungarian Government, own compilation).⁵⁰

⁵⁰ https://www.kormany.hu/download/c/39/d1000/EKD_tamogatas_2014-2020_HIPA.pdf.

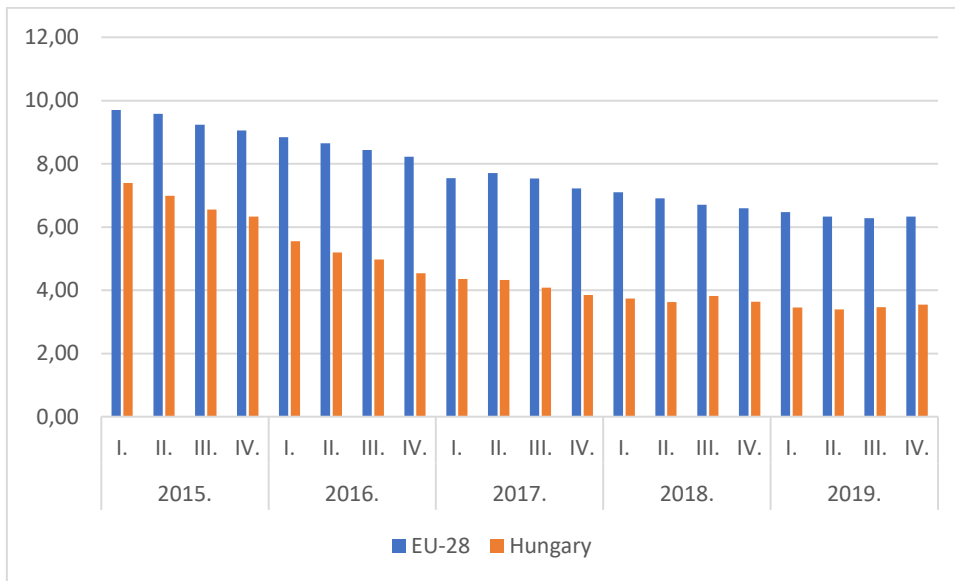


Figure 1. Unemployment rate [%] in Hungary and EU28, source: Hungarian Central Statistical Office, OECD.

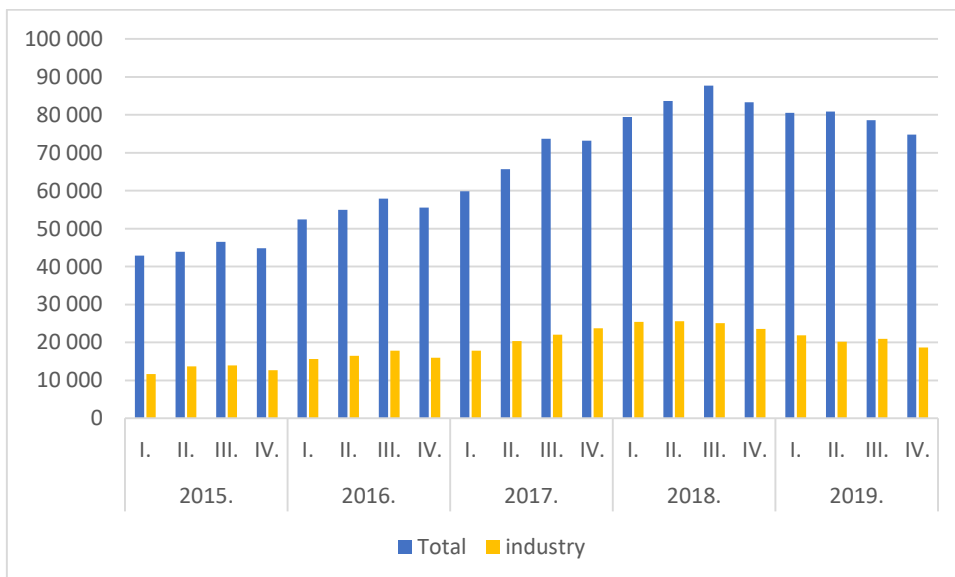


Figure 2: Number of vacant posts in the industry compared to the total number; own compilation, based on the data of the Hungarian Central Statistical Office.

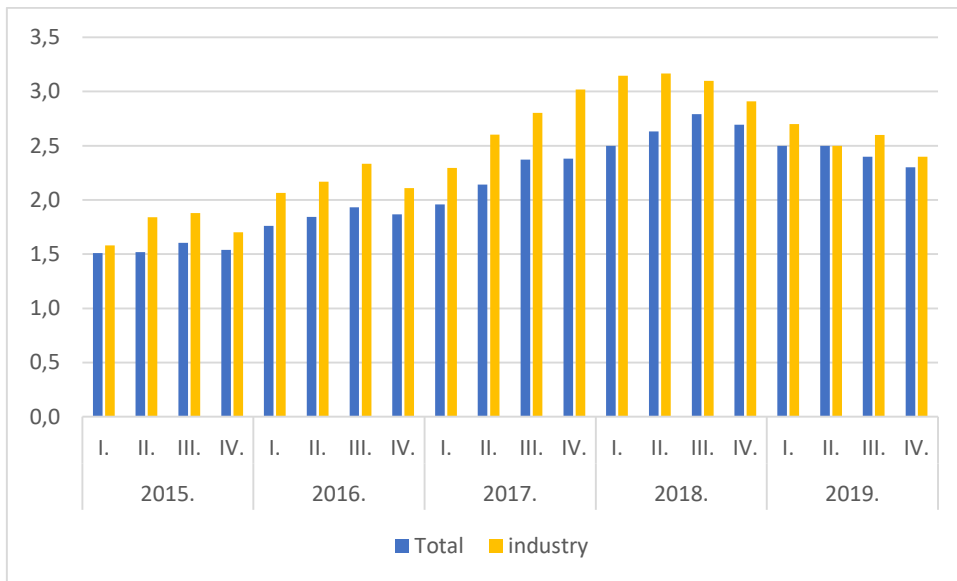


Figure 3: Vacancy ratio in the industry compared to the total ratio [%]; own compilation, based on the data of the Hungarian Central Statistical Office.

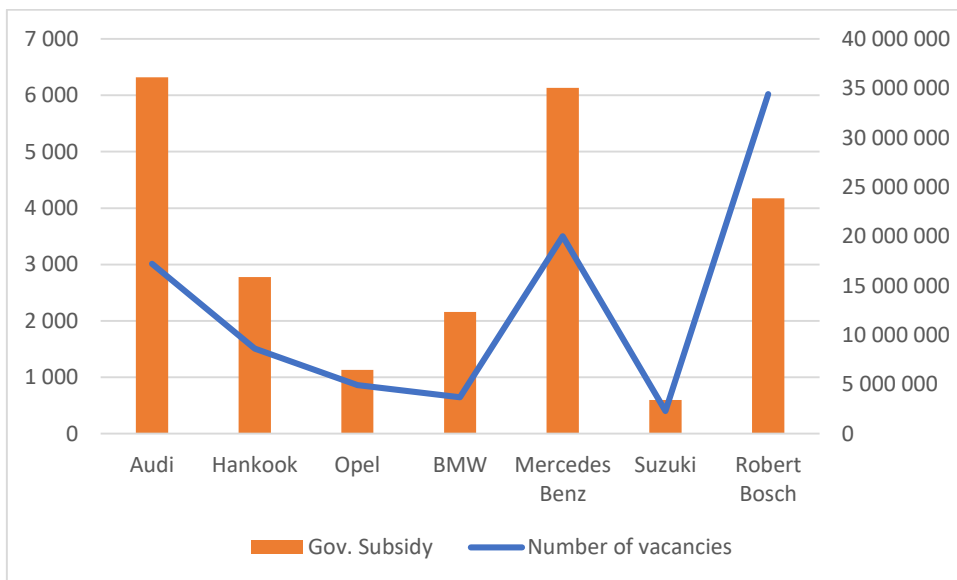


Figure 4: The amount of government subsidy (in 1000 HUF) and the number of created vacancies by car manufacturers between 2004 and 2020 (source: Hungarian Government, own compilation).⁵¹

⁵¹ https://www.kormany.hu/download/c/39/d1000/EKD_tamogatas_2014-2020_HIPA.pdf

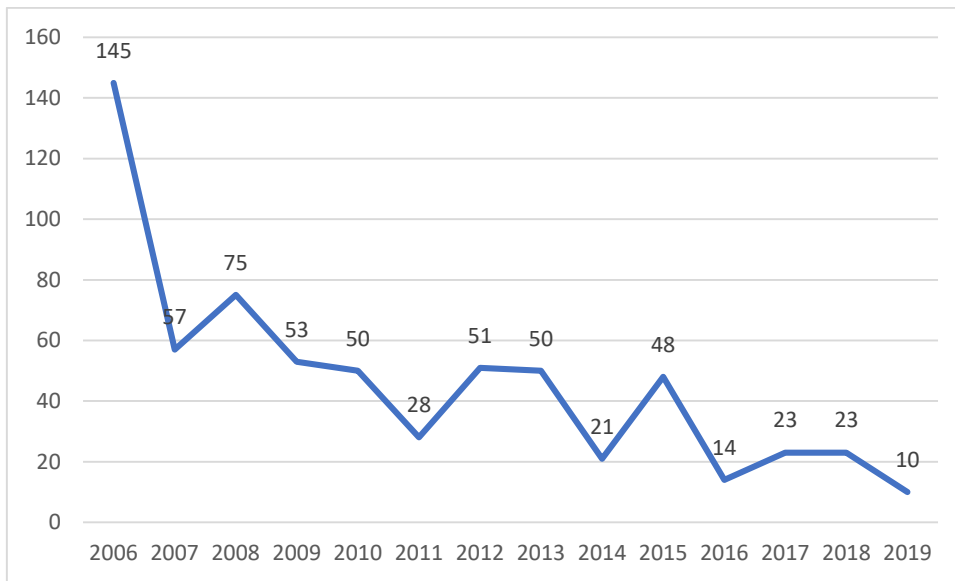


Figure 5: The number of collective agreements concluded between 2006 and 2019. Source: National Labour Office database on collective agreements; own compilation.

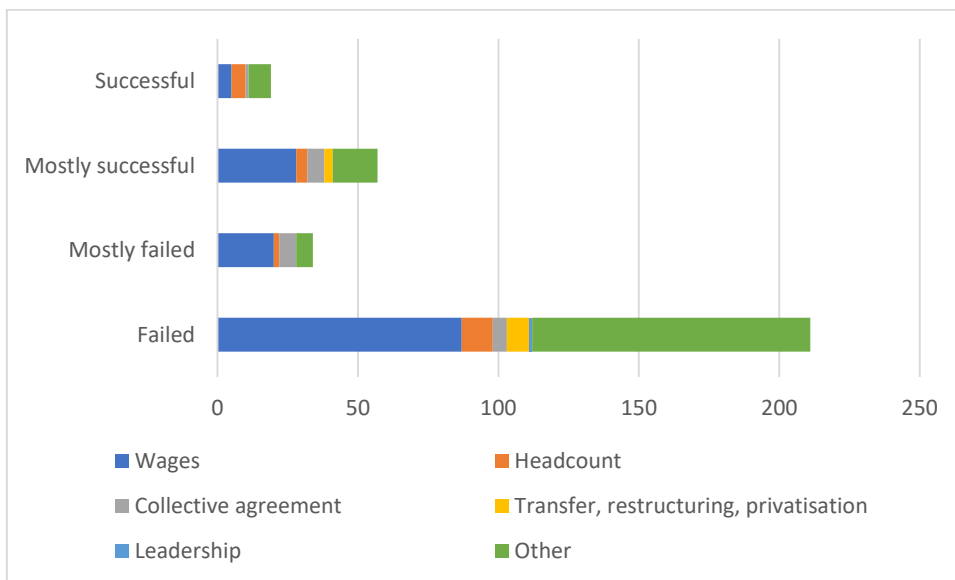


Figure 6: Effectiveness of collective actions by type of demand, source: Berki, 2019.

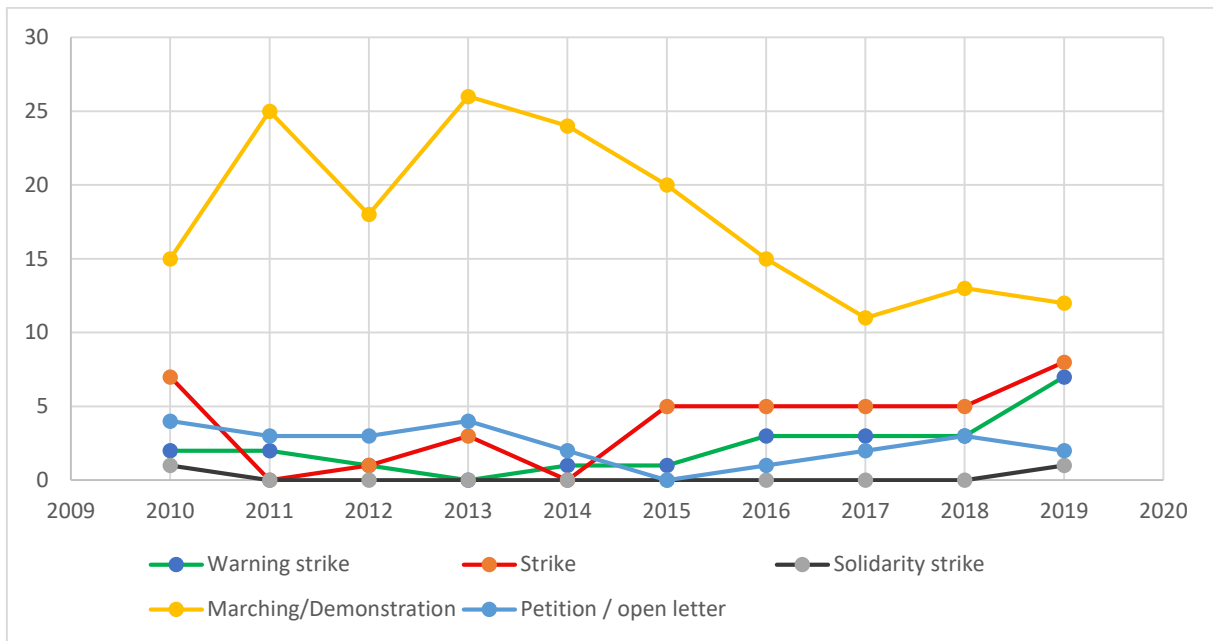


Figure 7.: Number of collective actions by type of action, source: Berki, 2019.

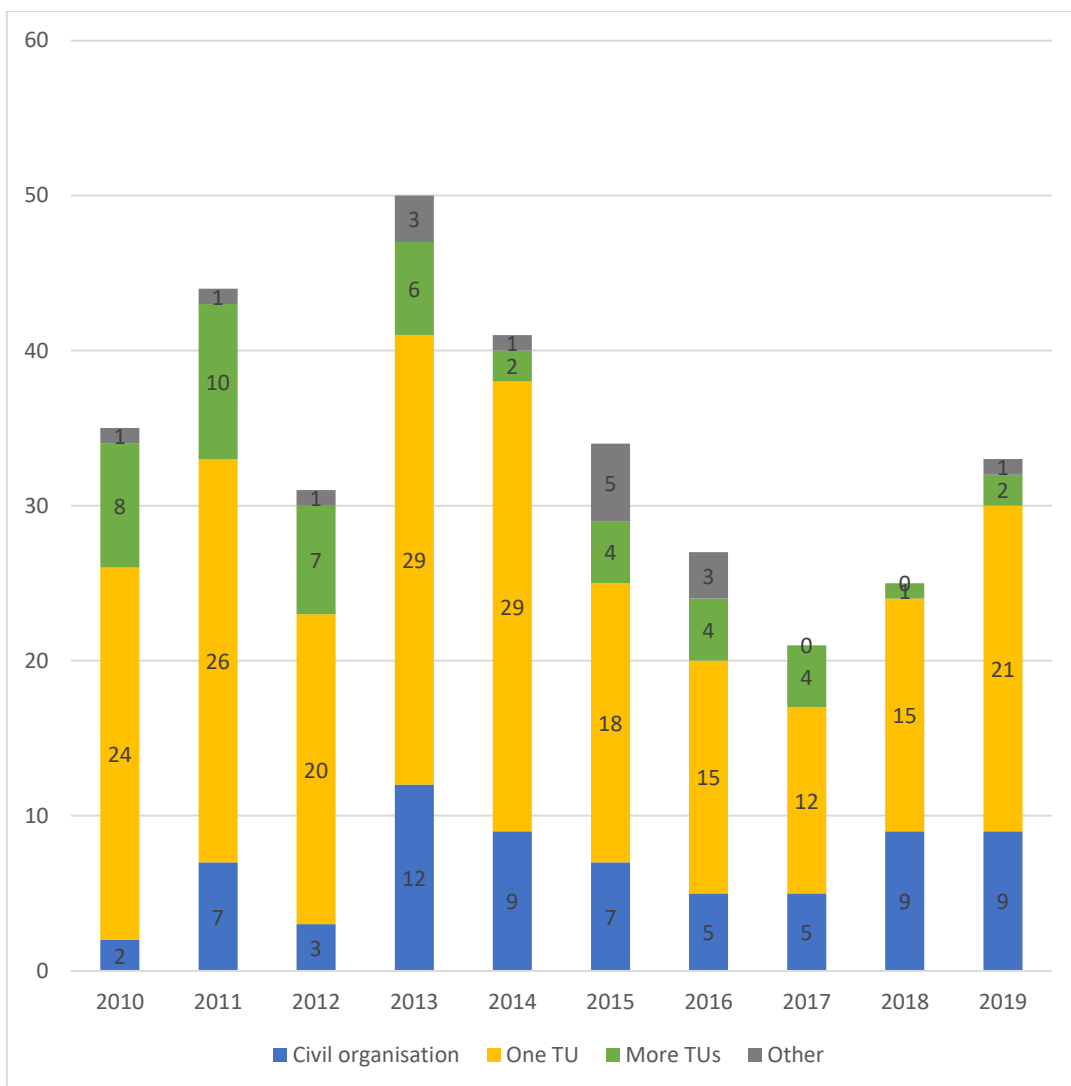


Figure 8: Number of collective actions by organisers, source: Berki, 2019.