

**ARTUS CEE “Articulation of the Trade Unions’ Strategies on upward
convergence of social standards in the enlarged European Union – voices of
CEE countries”**

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Policy paper – Slovenia

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Presentation of the ARTUS-CEE Project

The ARTUS-CEE project starts by observing the hopes that have not been met regarding upward convergence in labour and social standards following accession to the European Union that were once widely nurtured in Central and Eastern Europe. More than a decade and a half into EU membership, large disparities remain in wages, labour standards, and the quality of industrial relations between Eastern and Western Europe.

The project's main objective is to study whether trade unions in Central and Eastern Europe (CEE) are capable of taking effective action that will lead to an upward convergence of social and labour standards and wages given the considerable disparity in the quality of industrial relations between new member states from CEE and 'old' Europe. To accomplish this goal, the ARTUS-CEE project examines how trade union representatives in six new member states (NMS) from CEE (Bulgaria, Lithuania, Poland, Romania, Slovakia, Slovenia) perceive various important topics. These topics are: national trade union activities on the EU level (including cross-border cooperation), unions' views and strategies on certain European concepts/ideas, such as European social dialogue (ESD), the European social model, introduction of the euro, the issue of (the protection of) posted workers, the European minimum wage, the European Pillar of Social Rights, social dumping, foreign direct investment (FDI), transnational company agreements (TCAs) as well as the (potential) West–East divide in this regard.

The project leader is the Institute of Public Affairs (Poland) while the partner institutions are the Faculty of Social Sciences at the University of Ljubljana (Slovenia), the Lithuanian Social Research Centre (Lithuania), the Central European Labour Studies Institute (Slovakia), the Institute for Public Policy (Romania), and the Centre for Economic Development (Bulgaria). The project results are collected in six national reports prepared by the national research teams, papers submitted by experts representing a selected sample of 'old' EU countries (Ireland, Denmark, France, Italy) and a paper by an expert on the EU trade union movement.

The material for the Slovenian case study was gathered during a focus group interview in June 2019 attended by six sector-level trade unionists, at three expert interviews with representatives of a major trade union confederation in Slovenia in late 2019, and three follow-up interviews with the focus group participants in December 2020.

Results of the comparative report

The results of the national reports as well as the Comparative report¹ suggest that despite there being a clear East–West divide, Central and Eastern Europe is not a homogenous bloc in terms of trade unions and the positions they hold on several issues. Still, there are certain points on which the positions and attitudes of CEE trade unions do converge. Such is the case of the need to introduce an EU-level minimum wage that was widely supported by the trade unions in all of the countries under study while noting the opposition to the regulation by unions from the Nordic countries. Most CEE trade unions firmly support supranational institutions on the company level, such as EWCs and TCAs, while Slovenian trade unions have a greater appreciation for national institutions. Similar positions were observed with regard to expectations from the ESD. A broad consensus exists among CEE trade union representatives about the need for international cooperation yet, perhaps surprisingly, pre-transition bonds like the ties between the unions from the territory of former Czechoslovakia or former Yugoslavia even seem to be stronger than those more recently established. In some cases, divisions among CEE trade unions are also revealed. The issue of posted workers regulation and associated questions of social dumping where a wide range of positions is evident is one example, with unions from Bulgaria that opposed the revision at one extreme and the Slovenian unions consistently demanding the equal treatment of posted workers at the other. Somewhere in between lie the positions of the Polish and Slovak trade unions that support the “equal pay for equal work” principle but insist on the separate treatment of road transport drivers. A considerable diversity of attitudes within CEE was seen in assessments of the impact of FDI on industrial relations in the host countries, with some (Bulgarian and Lithuanian) unions perceiving the quality of industrial relations in foreign MNCs as better than in domestic companies while being viewed harshly by others (Poland) for having destroyed the already weak social dialogue structures and with the Slovenian trade unions once again emphasising the viability of domestic institutions. While certain (Lithuanian and Bulgarian) trade union representatives find the claims about the alleged isolationism of Western unions irrelevant, the Slovak and Polish unions believe the cleavage is both present and divisive. Here Slovenian unions took a middle position, acknowledging that the divide

¹ Jan Czarzasty, *Articulation of the Trade Unions’ Strategies on the Upward Convergence of Social Standards in the Enlarged European Union – the Voice of CEE countries. Comparative Report* (Warsaw: Institute of Public Affairs, 2020).

exists, but showing greater understanding for the arguments of both Western and Eastern unions. At the end, it is also worth mentioning that the quality of relations between East and West are affected by several factors, not simply income levels, as is frequently assumed.

Key messages from the Slovenian case study

The main finding of the Slovenian case study is that the position held by Slovenian trade unions is **generally** in-between the East and West. **First**, as regards the content of their positions and their status in the domestic arena, they appear to somewhat diverge from most other CEE trade unions. **Second**, in terms of their influence within the European trade union structures, Slovenian unions are largely same as the other CEE unions (i.e. they have quite a small influence). **Third**, it nevertheless seems that some sectoral trade unions have managed to capitalise on their intermediate East–West status in order to leverage their position within Europe’s trade union structures.

Positions of the Slovenian trade unions

The positions held by the Slovenian trade union representatives that participated in our research are quite straightforward. They hold strong views regarding the priority of labour standards and wages over jobs and are committed to upholding the highest labour standards, whether at home or abroad. Some felt that their positions diverge from those of trade unions in many other CEE countries. They are well aware of the claims made by many other CEE trade unions that the standards demanded by the unions in Western Europe are too high, which in turn prevents Eastern European companies from successfully competing and ultimately reduces employment levels in CEE countries. For instance, unlike some trade unions from CEE that either held ambiguous positions on the revision of the posting workers directive or called for the separate treatment of certain sectors (e.g. road transport drivers), trade unions from Slovenia demanded that the ‘equal pay for equal work’ principle be applied “regardless of the occupation or sector”. Some of the trade union representatives we interviewed noted that many CEE trade unions seem to be quite comfortable with the social dumping practices occurring within the common market. Hence, some interviewees expressed their

dissatisfaction with the positions of some of their colleagues in other CEE countries who are allegedly not convinced about the need to uphold the standards established in other countries.

Another distinct feature of the positions held by Slovenian trade union representatives is their greater scepticism of the benefits of foreign direct investment. That is, while many CEE trade unions displayed “barely concealed joy [...] at the prospect of incoming foreign direct investment (FDI) and the creation of new jobs”,² many Slovenian trade unions expect that the presence of foreign MNCs will exert downward pressure on wages and labour standards. In addition, a large majority of the focus group participants agreed that prioritising jobs over labour standards and wages is tantamount to accepting lower labour standards and wages. Slovenian trade unions do not expect any upward convergence of labour standards and wages to occur through the transfer of social dialogue practices developed in the MNCs’ home countries or by means of the equalisation of labour standards via transnational institutions of industrial relations on the company level, such as TCAs or EWSs. Quite the contrary, while they find EWCs useful, they consider them far less effective than the domestic works councils. They think that whether certain labour standards and wage levels will actually be implemented in a foreign MNC largely depends on the presence and power of the trade unions at the host location.

Most of those we spoke to maintained that in certain areas the labour and social standards in Slovenia are more favourable than those in most CEE countries. In fact, in some important areas, these standards are also at a higher level than established in the majority of Western EU countries. Thus, in these areas, convergence with Western European standards (but not wages) would mean a downward adjustment for Slovenian workers. Nevertheless, the Slovenian representatives are generally open to the idea of social dialogue as a mechanism for forming common standards on the EU level. In this respect, some explicitly mentioned the unsustainability of the positions held by the Nordic trade unions and their opposition to minimum-wage regulation on the EU level. Certain interviewees explicitly claimed that common regulation is in the interest of trade unions from both Eastern and Western Europe and that there should be greater discussion on the EU level about the common standards

² Jan Czarzasty and Adam Mrozowicki, “Is a new paradigm needed? A commentary on the analysis by Sławomir Adamczyk”, *European Journal of Industrial Relations* 24, No. 2 (2018): 193–199.

needed to preserve the European Social Model. As one representative claimed in a follow-up interview, trade unions in the EU must agree on particular basic issues that concern the right of workers or the European trade union movement will otherwise start to fall apart, for “this is the only chance for those in the Southeast Europe to achieve something in the near future and for us to preserve certain achievements” (Interview 5, 2020: 12). As one focus group participant noted, it is in the interest of workers and trade unions in those locations that enjoy the highest labour standards and wages to have strong and militant counterparts in host locations in order to safeguard their own standards. In contrast to some of their Western counterparts, Slovenian trade unionists to some extent believe the EU-level regulation by means of Directives proposed by the European Commission is beneficial and find it useful to negotiate “in the grey areas of the law”.

The interviewees are completely aware of important institutional and economic differences, including in labour standards across the EU. This makes them sceptical with regard to developing a European level of collective bargaining. One representative argued that due to this large diversity in the EU the common standards established by such collective bargaining would have to be so low that there would be no point in establishing them. Despite being open to social dialogue on the EU level, the prevailing view was that the national level should remain the most important one for collective bargaining.

Still, some interviewees proposed various measures that could strengthen the position of the weaker trade unions and even establish common, EU-wide standards. One such proposal concerning EU-wide standards was to model a common wage standard as a common basket of goods that should be established as a minimum on the EU level, a kind of living wage in real terms, below which wages should not be allowed to fall. Another suggestion that referred to the standards of social dialogue and the power of the trade unions was to pass some kind of European regulation obliging the social partners in the member states to negotiate at the national level on certain commonly determined issues.

The influence of Slovenian trade unions in European structures

When it comes to their influence within European trade union structures, most trade union representatives participating in the research feel they share the fate of their counterparts

from CEE. Virtually all of them noted the difference in influence between the Slovenian and other CEE trade unions on one hand and the Western trade unions on the other, with the latter being much more influential. However, the confederation representative maintained that the voice of his organisation is heard in international forums and represented on ETUC committees it deems to be in its vital interest. Nevertheless, the confederation's influence in the European trade union structures cannot be compared with that of the unions from larger and richer countries, which give a substantial share of funds to the ETUC, have ample resources and trained staff, an office in Brussels etc. This power asymmetry is also clear when it comes to organisational issues or selection for leading positions in the ETUC that are mostly reserved for trade unions from influential bigger countries.

Representatives of the sectoral trade unions were even more critical of the power relationships and democracy within their respective European trade union federations (ETUFs). Only two out of six focus group participants believed the relationships with other (i.e. Western European) trade unions are based on an equal footing. There is a widespread feeling among the sectoral trade union representatives that their counterparts from Western Europe are somewhat privileged in their respective ETUFs while the voice of the CEE trade unions is being marginalised. The main reason for this marginalisation is that influence is largely determined by the financial contributions made by the national-level trade unions to the ETUFs. Since CEE trade unions have a relatively small membership base, their influence is accordingly lower. In some ETUFs, even though the financial contributions are adjusted to reflect the level of national GDP, a uniform rate applies above a certain threshold, meaning that some Slovenian trade unions are paying the same rates as trade unions from much richer countries whose GDP (and wages) is more than double the Slovenian level. This situation even leads many CEE and Southeast European (SEE) trade unions to underreport their membership figures in order to reduce their contributions to the ETUFs, which in a feedback-loop further adds to their marginalisation. According to trade union representatives, certain trade unions from the richest European countries are, in contrast, even willing to pay higher contributions than their membership figures would require so as to boost their influence.

Asymmetric power relations within the European trade union movement matter. First, they are important because the issues relevant to the CEE trade unions seem to systematically fall outside the focus of their Western counterparts. While Western unions often debate

digitalisation, the future of work, climate change, issues related to identity and multiculturalism etc., their counterparts from CEE are more interested in basic, traditional areas of trade union activity like collective bargaining, wages and working time. Moreover, the CEE trade unions share some history and therefore have specific common problems, such as the privatisation or even sale of state-owned infrastructural companies to state-owned companies from Western Europe; reforms of the public sector and its financing; the problem of trade union autonomy etc. Still, these issues rarely appear on the agenda of the EU-level trade union structures. As a result, the actions of the European trade union confederations tend to reflect the priorities of powerful Western trade unions while the needs of the trade unions from CEE countries are too often marginalised. Finally, given that the opportunities to change the power distribution in the European structures are provided by the established rules that privilege those trade unions with abundant resources, the marginalisation of CEE trade unions within the European trade union structures tends to reproduce itself.

Leveraging midway positions between East and West

The influence of Slovenia's trade unions within the European trade union structures is low compared to their Western counterparts that enjoy ample resources, which does not, however, prevent them from trying to strengthen their position. Some trade unions under study have built alliances with trade unions from SEE, enabling them to boost their influence beyond the limits created by a relatively small membership base and scant financial/personnel resources.

Three out of the six focus group participants reported they had tried to leverage their position in their respective ETUFs by means of regional alliances with trade unions from SEE. However, they had all encountered opposition to this approach either from Western trade unions or the central office of their respective ETUF. The final outcomes of these endeavours varied. While only one of these attempts resulted in the establishment of a formal organisation of regional trade unions independent of the respective ETUF, in all of these cases the ties developed with the SEE trade unions persisted and all three of these networks are today still functioning. Such co-operation strengthens Slovenian trade unions and their positions,

granting them a much more prominent role in their respective ETUFs than their domestic base and resources alone would otherwise permit.

Several elements facilitated co-operation. First, Slovenian trade unions were all able to make use of the traditionally good ties with the trade unions in SEE, in particular with trade unions from the area of former Yugoslavia. Sharing a common past, Slovenian trade unionists mostly speak the languages of that territory and are well acquainted with the local features. Being part of the same political system until early 1990s, the legal and institutional arrangements in Slovenia and the countries of former Yugoslavia are still somewhat similar, allowing Slovenian trade unions to understand issues and advise SEE trade unions on matters related to specific issues of collective bargaining and legislation. Moreover, a common historical legacy of a socialist past and specific experiences of the transition to capitalism make the problems faced by Slovenian trade unionists quite similar to those encountered by their colleagues from SEE and also CEE.

A second element behind the successful network-building seems to be the approach adopted by Western trade unions with respect to Slovenian trade unions. Namely, due to the relatively well-developed system of industrial relations in Slovenia, unions internally organised along similar principles as known for the Western European trade union movement, their financial independence and autonomy from the state etc., the Western trade unions and the central structures of European trade union organisations often perceive Slovenian trade unions to be a relevant interlocutor in the SEE area. This position at the crossroads of East and West, North and South is, *inter alia*, manifested in functions held by some Slovenian sectoral trade union representatives within the ETUFs that are out of proportion given their domestic membership base and financial resources.

Finally, the third important element that has probably enabled Slovenian trade unions to develop these (in)formal networks to leverage their position within the respective ETUFs is their capacity to transcend the narrowness of nationally oriented goals and adopt a broader-based agenda that other SEE trade unions may find appealing. For instance, although all three sectoral unions involved in network-building boast relatively high union density in their respective sectors, with two even exhibiting considerable mobilisation potential (both having recently successfully engaged in industrial action), they promoted discussions about the measures needed to overcome the problems of weak organisation and poor dues collection

that they themselves clearly resolved long ago. Despite these sectoral trade unions enjoying almost full (100%) collective bargaining coverage in the sectors within their responsibility, they were advocating EU-wide measures that would establish basic preconditions for social dialogue in SEE.

Recommendations for trade unions

- **Even more intensive/active involvement in the work of European trade union organisations on the sectoral level.** Important issues are discussed and agendas determined on the EU level, such as an EU minimum-wage regulation that establishes certain minimum standards on the transnational level and the regulation on posted workers, which is closely related to the ability to competitively undercut established labour standards. This makes it imperative for trade unions in Slovenia to participate in the lively (and polemical) debates within the European trade union movement. Many Slovenian sectoral trade unions are not involved in such discussions or not even affiliated to any ETUF. The stronger involvement of sectoral trade unions is needed in order to have a say when new regulations are being discussed that are bound to impact their environment. Sectoral-level activity is an additional avenue available for Slovenian trade unions' overall contribution or influence on supranational levels.
- **Strengthening cooperation with the SEE trade unions.** Our research shows that even when Slovenian trade union representatives are actively involved in discussions within the ETUFs, they might be outvoted by influential trade unions from Western Europe. However, as cases of some of the most active Slovenian sectoral trade unions demonstrate, the influence of unions from a small country with limited resources can be strengthened if they are able to build alliances. A shared past, similar experiences with the recent transition to capitalism and the traditionally strong ties make trade unions from SEE generally and from former Yugoslavia in particular a good choice for coalition-building.
- **Building (closer) cooperation with Western trade unions.** Slovenian trade unions have a good basis for close cooperation with the CEE and especially the SEE trade unions. Still, this does not mean that Slovenian trade unions should neglect their

Western counterparts or the possibility of nurturing (closer) cooperation with them, especially due to the many organisational similarities they share, for example a comparatively strong domestic position, relatively good and strong internal organisation and financial independence, as well as similarities in positions held, e.g. on social dumping, posted workers.

- **Making use of the strategic position at the crossroads between East and West.** Slovenian trade unions find themselves at the crossroads between East and West in many respects. This strategic position holds potential to act as a kind of a broker or mediator between the two EU worlds by offering a way to foster mutual understanding, which might also lead to an increase in their role or even influence in the European trade union organisations.
- **Contributing to the Europeanisation of industrial relations.** Many trade union representatives noted specific areas in which Slovenia has developed high social and labour standards, even higher than found in many Western EU countries. Examples include the recently adopted mechanism for determining the minimum wage as a kind of a living wage and a proposal for a directive that would demand that member states ensure that some areas of social and labour regulation be negotiated through social dialogue. Slovenian trade unions could contribute to the Europeanisation of industrial relations by putting such solutions on the agenda as a form of common standards, which might further strengthen their role in the European trade union movement.