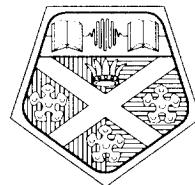


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## ***TRADE UNIONS AND 'SOCIAL DIALOGUE' IN HUNGARY***

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## INTRODUCTION

Since the transition from communism in East-Central Europe (ECE), political elites there have faced a dual challenge: one, to replace state ownership and centralised management with a new market-driven economy based on private ownership and two, to dismantle the communist party-dominated political structure and introduce multi-party parliamentary democracy. As key representative organisations of workers, trade unions have a particular significance in the context of managing the effects of the difficult economic transition being undertaken which has had serious consequences for the people of ECE in terms of employment, living standards and welfare provision. Moreover, developments in the organisation of independent representative organisation, such as trade unions, and their relations with political elites has a significant bearing in assessing the transition to democracy. Therefore, this paper will address two interlinked questions on the position of trade unions in post-communist Hungary:

- (i) What have been the attitudes of political elites during the 1990s to involving employers and trade unions in economic and social policy making?
- (ii) How has labour representation itself evolved?

To answer the first question, developments in 'tripartism' which is the institutionalised cooperation of government, unions and employers in decision-making at national-level will be explored. To address the second question, the evolution of trade union organisation and mobilisation will be analysed.

With regard to the changeover of political elites during the 1990s, the first post-communist election in 1990 brought a conservative coalition to power headed by the Hungarian Democratic Forum (MDF). From 1994-98 a Socialist/Liberal coalition (MSzP/SzDSz) took over and then in 1998 another conservative coalition was returned, but this time headed by the Fidesz Party. Though tripartism was a feature of economic and social policy-making throughout, as we shall see, differing conceptions on the part of the actors involved underpinned its evolution, especially in terms of its policy-making role.

After briefly outlining developments in tripartism to 1998, the main focus of the first part of this paper will be on the tripartite reforms carried out by the Fidesz Party-led government during its first two years in office (1998-2000). In the second half of the paper, I will concentrate on the organisation of labour representation and the implications of the government's reforms for trade unions. At the same time, I will consider the European dimension in these developments, particularly as illustrated in the contentious debate around the 'social dialogue' question following Fidesz' reforms of tripartism in 1998. The paper draws on the

findings of interviews carried out in Hungary and Brussels during the spring and autumn of 2000 as part of my Phd research.

### **TRIPARTISM: A Brief History to 1998:**

The first tripartite forum or Interest Reconciliation Council (IRC) was set up in 1988 before the regime change. Tripartite cooperation was initiated by reformers within the party as a way to gain legitimacy and support from the major economic actors for economic reform, especially in dismantling the communist centrally-determined wage system. However, participation was restricted to the labour and employer organisations operating under the old regime; labour, for example, was represented by the single party-dominated National Council of Trade Unions and the first independent trade union set up at the end of 1987 was excluded (developments in trade union organisation will be discussed in detail later).

After the first free elections in 1990 the conservative coalition headed by the Hungarian Democratic Forum (MDF) extended participation to include the six union confederations and nine employer organisations which had been formed by the early 1990s. The organisational structure of the IRC was strengthened with a comprehensive committee structure and administrative secretariat. However, at the same time, the government and liberal opposition parties questioned the legitimacy of the reformed unions operating from the communist period and hoped to bolster the position of the new 'independent' unions by legislative means. Two trade unions acts passed in 1991 forced the 'old' unions to re-register their rights to collect union dues from members and union assets were sequestered until redistribution could be decided on the basis of union representation in the newly constituted Social Security self-governments responsible for administering pension and health insurance funds. The elections to these boards held in 1993, in fact, gave a large majority to the 'old' unions (for details, see Andor 1996, p. 74; Körösényi 1996, p. 5; Cox and Vass 2000, p. 1099).

If the new political parties in government and opposition were active in attempting to shape the re-organisation of the unions, they had a more ambivalent attitude to tripartite negotiation within the IRC. The increased significance of the Reconciliation Council as a locus for shared policy-making developed, rather, as a reaction to external pressures on the government. In its first two years in office, the government had to face a 3-day blockade by taxi drivers and hauliers against a massive increase in fuel prices which paralysed the whole country, a growing number of strike threats and opposition to its draft budget for 1993 coming not only from the opposition but also from parties within the governing coalition. In this heightened atmosphere, the government took up the unions' suggestion to

negotiate within the IRC. The negotiations and the pact reached between the three sides had two important implications: first, the government's need to demonstrate wider social acceptance for proposed austerity measures meant that the unions, crippled by fragmentation and with almost no support for serious strike action, were 'upgraded' to a stronger bargaining position within the IRC (Greskovits 1998: 166); and second, the negotiations allowed the unions and employers to widen the agenda of the IRC beyond wages to include compensatory measures on, for example, tax, social security contributions and employment funds.

### **The Socialist/Liberal Government 1994-98**

The (reform-communist) Socialist Party which came to power in 1994 signalled a change in political style by affirming its commitment to 'social dialogue'. It took a more pro-active stance on tripartism by attempting to forge a comprehensive social and economic pact with workers and employers' groups in order to gain support for even more drastic economic reforms. Employers and unions took advantage of this opportunity to table wide-ranging demands on labour and economic policy, however, the government failed to come up with an economic strategy to act as the basis for talks (Héthy 1996; Ladó 1996). The government's main concern was macro-economic stability, leaving little room to make significant concessions to labour or employers. The attempt to reach a pact ended – before it got started - when the government unilaterally introduced a package of stabilisation measures in 1995 in the infamous 'Bokros' package (named after the Finance Minister). This involved drastic cuts in government expenditure and therefore in wages, jobs and social services or, as the Labour Ministry's chief negotiator at the time has suggested: 'National Interest Reconciliation became paralysed in the context of macro-economic stabilisation' (Héthy 2001, p. 110).

Though the government, unions and employers were able to reach significant agreements on labour and wage issues in 1996 and 1997, the pact failure put tripartite reform on the agenda. In its last year in office, the government and social partners began discussions on reforming the whole IR system to clarify its functions, organisational structure, and the representativeness of the partners involved. The government planned to separate economic from labour issues by adding a new Social and Economic Council for general consultation with a wider range of interests, while maintaining the IRC for negotiations on labour policy and legislation - though participation was to be extended to local governments, economic chambers, multinational companies and the Bank Association. (Ladó and Tóth 2000, p. 16; Héthy 2001, p. 139). Establishing criteria for representativeness was left up to the social partner organisations themselves. In 1996, the trade unions managed to work out a

weighted voting system, but setting a 10% threshold based on works council elections effectively meant that the two new confederations would be eliminated from the workers side in future. The defeat of the governing coalition in 1998 ended the prospect of reform based on the Socialist programme.

## THE FIDESZ-LED COALITION TAKES UP THE CHALLENGE

The coalition headed by the Fidesz Party which came to power in 1998 unilaterally launched what can be considered the most radical reform of tripartism since the transition in Hungary. Though Fidesz started out as a movement of young people opposed to the communist regime, by the time it took office it had shifted to a more conservative/family-oriented/middle class stance. In carrying out these reforms, the party operated on the basis of an underlying conviction that power structures which it claimed were still operating from the communist regime had to be overturned: the link between the unions and the Socialist Party (to be discussed later) was held up as a prime example of this.

These ideas were circulated in a policy document emanating from the Prime Minister's Office entitled "The New System of Social Dialogue in Hungary" (Herczog and Öry, 1999) and were translated into a series of reforms of the structures and functions of the IRC which will briefly be outlined in the following.

The IRC was replaced with five new councils: an Economic Council, a National Labour Council, a Social Council, European Integration Council and Council for ILO Affairs. The focus here will be on the two which took over the main functions of the old IRC – the Economic Council and the National Labour Council. The new Economic Council became a multipartite forum for general consultation on economic policy and included other actors such as economic chambers, representatives of the financial sector and associations of foreign investors.

The core activity of the IRC was replaced by a tripartite National Labour Council for consultation and negotiation on labour issues. In theory, its powers included setting the national minimum wage and annual wage increases for the private sector, pre-legislative consultation on labour questions and general consultation on labour and employment matters (Ladó and Tóth 2000, p. 19; Héthy 2001, p. 140)

The government's reforms of the 'social dialogue' structures along with other measures outlined below were met with outrage by the unions. First, the unions continued to claim a role for themselves in economic policy-making on the basis that it was impossible, as they saw it, to negotiate labour issues and wages within the Labour Council if general economic issues such as prices, taxation and social security were on the agenda of the Economic Council and

subject only to consultation with a wide range of interests. The functioning of the Economic Council was described by unions and other commentators as having an 'audience' with the Prime Minister (*Népsabadság* 9 June 2000; Héthy 2001, p. 143; see *Magyar Hírlap* 6 December 2000 for employers' opinion).

Moreover, the IRC forum for the public sector was eliminated altogether and an attempt was initially made to replace this by a decentralised system of bargaining between public sector unions and the relevant ministries. (this point will be taken up again later).

Several other reforms were also criticised by the unions. The first was the modification of the Labour Code to allow works councils to negotiate agreements in companies without unions. Second, the boards for pension and health insurance funds run by employers and unions were abolished and put under government supervision, although it should be noted that the Socialist Finance Minister, Bokros, was the first to call for their liquidation (Migács 1999). The Ministry of Labour was also eliminated and its functions spread over 3 separate ministries.

In sum, the government's policies revolved around creating a more fragmented structure for 'social dialogue' (more councils, more participants, more ministries) and undermining the role of unions at company level and removing their control of social security and pension funds.

With these structural reforms underway, the government's attention turned to the basic functions of the new Labour Council. By the late 1990s the Hungarian economy started to show the first signs of sustained economic growth (Tóth *et. al.* 2000, p. 253). As a result, the unions raised demands for a substantial increase in the minimum wage. However, in November 2000 the government unilaterally set a date for doubling the minimum wage to 40,000 forints (around 100 pounds), leaving the unions and employers with very little time to respond (*Világgazdaság*, 23 November 2000). It has to be remembered that this was one of the core functions of the old IRC and even of the new Labour Council and the only area where the social partners had co-determination rights. The unions and employers were left to haggle with the government – without much success – over possible compensation to offset the increased wage bill amid fears of mass layoffs and worsening conditions for workers.

Two reasons have been suggested for government policy – first, it was aimed at bringing more revenue into government coffers from increased tax and social security contributions and second, as a vote winner in the run-up to the election in April 2002 (Interview Garment Workers' Union, 21 November 2000; Interview independent government adviser, 3 November 2000).

It might be said that the minimum wage question encapsulated the government's attitude to 'social dialogue', especially with the trade unions. For political and economic reasons Fidesz saw social partner influence in policy-making as undermining government efficiency. For ideological reasons, it attacked the

power of the unions as a hangover from the communist system. On the industrial relations front it advocated decentralisation of negotiations to the level of employers and unions. The possibilities for bipartite employer/union bargaining will be taken up in the next section.

## **TRADE UNIONS**

Of course developments in relations between the unions and government would be meaningless without consideration of the organisation and functioning of labour representation itself. Under the state socialist regimes of Central and Eastern Europe trade union membership was compulsory. Their two main functions were – first, to organise the workers to meet production targets coming down from central authorities and second, to distribute state and enterprise welfare benefits such as subsidised holidays and organise social and cultural programmes (Tóth 1994, p. 87; Waller and Myant 1994, p. 162). However, it should be remembered that in Hungary, economic reforms carried out by the Party in the 1970s and 1980s gradually allowed the development of a ‘peripheral’ economy where workers were able to add to their income through private business (Hughes 1994, pp. 74-76; Cox and Mason 1999, p. 25). Moreover, within the state-run economy workers could secure their interests through individual bargaining and strategies (Tóth 1994, p. 89; Cox and Mason 2000, pp. 332-3). One Hungarian analyst commented on this period: ‘Although each worker was a trade union member, they could live the life of a “trade union-free worker”’ (Tóth 1994, p. 95).

## **UNIONS AND THE TRANSITION**

The transition from communism in Hungary in the late 1980s was characterised by being an elite-led negotiated transition involving political opposition groups and reformers within the Party, with trade unions having no significant role (Bruszt, 1992, p. 3; Tökés 1996, p. 341; Stark and Bruszt, 1998, p. 42). Among the East-Central European countries, Hungary is also marked by an extremely high level of fragmentation in the organisation of both unions and employers. As already stated, there are 6 trade union confederations and even more employers’ associations. As regards the unions, the transition resulted in the splitting up of the single communist confederation into 6 separate confederations which can be classified as: a core reform-communist union confederation (MSZOSZ), three ‘breakaways’ from this (the Autonomous and two others which represent workers in the public sector – SZEFT and ÉSZKT) and two ‘new’ independent grassroots confederations (Liga and MOSZ).

There was a high level of overlapping sectoral membership among the unions affiliated to the six. In particular, the grassroots nature of the new confederations meant that they did not comprise large sectors, but rather were organised regionally bringing together company level unions (MacShane 1994; Andor 1996).

The principal cleavage underlying this fragmentation was the expression of opposition to the communist regime and its union system on the part of the breakaway and new unions (Interviews Autonomous 3 March 2000 and Liga 16 March 2000). The reform-communist confederation remained the largest operating in the private sector and maintained close links with the Socialist Party; e.g. six of its leaders ran as Socialist MPs in the 1994 elections (Andor 2000, p. 100). All breakaway and transition unions stressed their lack of ties to any particular party and general 'social democratic' values, though one identified itself as having a Christian-democrat orientation (MOSZ interview, 29 February 2000).

Generally, union membership plummeted mainly due to economic restructuring to a density level of 25% (*Népszabadság* 15 November 2000). A stark illustration of this came from the leader of the textile union who reported to me that in 1988 there were 45 large state enterprises in this sector with 70,000 union members. Following the collapse of the Soviet market especially for wool cloth and privatisation measures, there were 100 much smaller companies with only 7,000 union members by 2000 (Interview Textile Federation 29 July 2000). Figures gained during interviews with the six confederations in 2000 suggested that in total the six brought together approximately 900,000 workers. The two public sector unions covered almost 400,000 of these and the private sector unions the remaining half a million (see *HVG* 28 April 2001 for figures for 1991 and 2001; and Héthy 2001, p. 44 for trends 1990-1996). The key features of Hungary's six trade union confederations are summarised in Table 1.

**TABLE 1: TRADE UNION CONFEDERATIONS IN HUNGARY**

<b>CONFEDERATION *</b>	<b>Sphere of Activity/Membership</b>
Magyar Szakszervezetek Országos Szövetsége, <b>MSZOSZ</b> (National Confederation of Hungarian Trade Unions) <b>'REFORM-COMMUNIST'</b>	the 'competitive'** and public sectors, but mainly in the former - 311,000
Autonóm Szakszervezetek Szövetsége, <b>ASZSZ</b> (Autonomous Trade Unions' Confederation) <b>'BREAKAWAY'</b>	chiefly chemical and public utilities - 120,000
Értelmiégi Szakszervezeti Tömörülés, <b>ÉSZT</b> (Confederation of Unions of Professionals) <b>'BREAKAWAY'</b>	mainly in the public sector, especially in higher education and research. - 85,000
Szakszervezetek Együttműködési Fóruma, <b>SZEF</b> (Co-operative Forum of Trade Unions) <b>'BREAKAWAY'</b>	civil servants and public sector. - 300,000
Munkástanácsok Országos Szövetsége, <b>MOSZ</b> (National Federation of Workers' Councils) <b>'NEW'</b>	mainly 'competitive' sector - 30,000
Független Szakszervezetek Demokratikus Ligája, <b>FSZDL (LIGA – Democratic League of Independent Trade Unions)</b> <b>'NEW'</b>	the 'competitive' and public sectors - 50,000

\* The abbreviations in bold are those commonly used as English translations of Hungarian.

\*\* The term 'competitive' sector (a translation of the term 'versenyi' in Hungarian) is used to designate both companies under private and public ownership.

SOURCE: Adapted from Ladó and Tóth 2000.

On the subject of the fragmentation of union representation into 6 separate confederations, all union officials I interviewed were highly critical of the rivalry among their leaders and stressed the need for greater co-operation. On this subject, one confederation representative interviewed suggested:

'It's always personal questions that hinder the process – who likes who and who hates who for what reasons and what happened 10 years ago when one person just developed a lifelong hatred for the other. So, it's all rooted back before 1989' (Interview MOSZ, 29 February 2000).

This general dissatisfaction with the fragmentation and rivalry among the unions was neatly summed up in a question posed to several confederation leaders by a disgruntled union member during a television debate (*Magyar ATV*, 21 November 2000) - with the characteristic subtlety of Hungarian humour: 'Do six Trabants make a Mercedes?'<sup>1</sup> More generally, throughout the 1990s, trade unions consistently came near the bottom in regular opinion polls regarding public support for institutions, though it has to be said that political parties didn't fare much better (for poll data, see Körösényi 1998, p. 21; *HVG Online* 6 February 1999).

Returning to the question of bipartite bargaining between unions and employers, collective agreements covered only around 30% of the workforce mainly at company level; only 10% could be considered branch-level 'multi-employer' agreements (Tóth *et. al.* 2000). However, it appears that this was chiefly due to the lack of sectoral employers organisations. The leader of the garment union, in fact, reported to me that in the early 1990s, on the back of Labour Code legislation establishing collective bargaining, he had to visit each individual employer in the sector to obtain signatures to the collective agreement (which, however, had no force in non-unionised workplaces) (Interview Garment Workers' Union, 21 November 2000). A low level of support for strike action was also reported throughout the post-communist period (Greskovits 1998, p. 161; Körösényi 1998, pp. 137-138; Héthy 2001, pp. 134 and 157). The above-outlined weaknesses suffered by trade unions in terms of structure, membership and general legitimacy led confederation leaders to focus their attention on participation at the national-level tripartite forum. This made the government's reforms particularly damaging given that, as we have seen, the one high-profile arena where unions could be seen by members and non-members alike to have some legitimacy and policy-making power was removed.

## THE CONFEDERATIONS' RESPONSE

It is important to now consider what strategies the unions adopted to overcome the closure of access to national-level policy-making as a result of the tripartite reforms. First, it acted to some extent as a 'wake-up-call' to the confederation leaders on the question of overcoming their organisational weakness. The six started talks on creating some kind of a peak association; however, it appears that leadership rivalry continued to dog this process (*Népszabadság*, 2 May 2000 and 17 May 2000; *Budapest Business Journal* May 29-June 4, 2000). The leader of the textile union suggested:

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<sup>1</sup> Trabants are the mass-produced cars of the communist period.

'Yes, it is quite difficult to work with six and can be exploited by our opponents. But there are differing opinions on this merger. One of the difficulties is personal and prestige reasons – as long as the performers in the theatre are the same, the performance stays the same. The leaders are clever enough to see that they should merge, but maybe the motivation is missing.' (Interview Textile Union, 29 July 2000).

More interestingly, he was keen to point out that cooperation could go on at other levels:

'A year ago [1999], 16 branch union leaders – from the various confederations, but independent of them – met and said that if the confederations can't work together then we have to. So, the confederation leaders realised that if it doesn't work at their level it will work at union level, with the confederations or without them!' (Interview Textile Union, 29 July 2000).

The continued links between the reform-communist confederation and the Socialist Party also appeared to be an obstacle to the other unions support for cooperation. On the issue of the government's reforms, there was some evidence that the new unions were less dogmatic about the government's actions (Interview MOSZ, 29 February 2000; Interview ECOSOC, 28 September 2000). Of course, any weakening of the large reform-communist union was to the 'new' unions advantage. A heightened public/private sector division also hampered efforts to present a unified front. The public sector confederation began negotiating directly with the Head of the Prime Minister's office in 1999. This led to accusations that the public sector unions were afraid of jeopardising their negotiating position vis-à-vis the government by participating in joint actions. The deal struck which favoured the civil service also caused friction among the unions in the public sector (Interview independent government adviser, 3 November 2000).

However, some tentative steps were taken to identify areas of potential cooperation (BBC Monitoring, 13 November 2000; *Népszabadság*, 17 May 2000) such as, research, training and legal services, as well as international activity - which brings us to their European links. Given the continued problems faced by unions outlined above, especially the government's reforms, the other strategy they adopted was to appeal to international institutions, particularly the European Union.

## **THE CONFEDERATIONS AND EUROPEAN INTEGRATION**

I should underline first of all that all six confederations were highly committed to joining the EU. Five of the six confederations were members of the ETUC,

one had observer status. An EU/Central Europe Joint Consultative Committee was set up in 1997 between ECOSOC and the Hungarian social partner organisations and was the first of its kind between ECOSOC and an ECE country (ECOSOC, 20 February 1997).

During interviews, all confederation representatives stressed that they had been able to cooperate without any kind of friction on issues to do with European integration. Their membership in international organisations, especially at the European level was seen as an important means to bolster their position vis-à-vis the Fidesz government (Interviews – the Autonomous 3 March 2000, ÉSZT 1 March 2000 and SZEFT 2 March 2000).

The European institutions from the Commission to the social partner organisations such as the European Trade Union Confederation (ETUC) and the Economic and Social Committee (ECOSOC) became directly involved in Hungarian 'social dialogue'. Appeals of the Hungarian unions to these European actors brought a barrage of criticism from the direction of the EU.

For example, in its Regular Report on Hungary's Accession for 2000 the Commission had this to say on the government's proposals to meet EU requirements in developing the social dialogue structures necessary for accession:

'Preparing the social partners for participation in social dialogue at European level requires the active promotion of sound developments in social dialogue within the country. The lack of effective consultations at national level could have negative effects not only at the European level, but also at the decentralised level (sectors, regions and enterprises). The government should make additional efforts to ensure that real dialogue is taking place. (Commission of the European Communities 2000, p. 52).

The EU social partner organisations also visited the unions, employers and government representatives in Hungary and issued reports on the negative aspects of the government's reforms which received wide coverage in the Hungarian press (*Népszabadság*, 8 April 2000; ECOSOC OPINION 1 March 2000; ETUC Press Release 20 January 2000). One ETUC official interviewed described their role in Hungary's integration as follows:

'What the Commission is looking for is background information. For example, the story with the social dialogue. We got information from the Hungarians. We put it on paper and we have our contacts with those people who are negotiating and we are feeding them stuff. So that the position of the Hungarian government is coming through the negotiations back to Hungary.' (ETUC interview, 2 October 2000, speaker's emphasis).

Several interviewees in Hungary reported to me that this criticism was the reason the public sector unions were able to get negotiations going with the

Prime Minister's office after the abolition of the IRC for the public sector (SZEf interview, 2 March 2000; Interview independent government adviser, 3 November 2000). However, the government continued to argue both in Brussels and at home that the number of fora it had set up pointed to its commitment to 'social dialogue' and that there was, anyway, no EU requirement to reach agreement (BBC Monitoring, 22 November 2000).

At the same time, however, it should be underlined that the EU institutions were highly critical of the fragmented structure of union representation in Hungary. In fact, trade union Commissions for European Integration were set up in all East-Central European countries by the ETUC and in Hungary's case, this was explicitly aimed at enhancing cooperation among the six (ETUC interview, 2 October 2000; Interview co-ordinator of the Trade Union Commission for European Integration in Hungary – MSZEIB – 6 March 2000). If the government and unions differed widely in their interpretation of the concept of 'social dialogue' it is important to consider what it means within the European Union.

## **THE EUROPEAN UNION AND SOCIAL DIALOGUE**

A comprehensive survey of the concept and practice of 'social dialogue' within the EU will not be possible in this short paper, but rather a brief overview of developments will be given, before going on to consider Hungarian trade unions and integration.

Following a period of informal and voluntary relationships between management and labour, the Single European Act 1987 (Article 118b) officially assigned the Commission the task of developing and promoting dialogue between the European peak associations of the social partners which "could if the two sides consider it desirable, lead to relations based on agreements". The Social Chapter annexed to the Maastricht Treaty strengthened the role of the social partners by obliging the Commission to consult them on employment and social policy proposals. In addition it offered the possibility to the social partner organisations to jointly ask for the suspension of the EU legislative process and negotiate agreements which could be transformed into European law. By 2000, the social partners had adopted three framework agreements which had been taken over into EU law. Through both the social dialogue procedure and directives originating with the Commission there exists a body of law in areas such as working time, health and safety, equal opportunities and workers consultation and information which have the inbuilt requirement to consult the social partners and that have to be adopted in the accession countries. By the late 1990s, the Commission also promoted the creation of committees for sectoral 'social dialogue' at EU level, as well as the involvement of unions and employers

in EU employment policy (Commission of the European Communities, 1998a; European Commission – Directorate General - Employment and Social Affairs 2000a).

All recent EU reports and activity concerned with the strengthening of social dialogue within the EU have also emphasised its implications in enlargement to the East and developments within East-Central European countries (e.g. Commission of the European Communities, 1998b). In fact, the third framework agreement was ratified by the EU peak associations at a conference in Warsaw in March 1999 on the role of the social partners in enlargement (see Commission of the European Communities 1999; European Commission - Directorate General - Employment and Social Affairs, 2000b).

Therefore, it was surprising that unions in Hungary almost entirely focussed on the future adjustment of wages to Western standards in their expectations regarding EU integration. During my interviews very few union representatives raised any other impacts. Questions of European Works Councils, equal opportunities, health and safety, employment policy or social dialogue *in the EU sense* were almost entirely absent from the confederations' agenda (with the exception of the leader of the chemical workers union who because of the nature of their work and involvement in Europe-wide companies was well aware of health and safety regulations and European Works' Councils).

Another difficulty was that the harmonisation of EU employment and social policy legislation and policy-making practice assigned a clear role to the social partners at levels where the unions in Hungary were organisationally the weakest – enterprise, sector and region. In addition, the lack of a peak associations made it difficult for unions to integrate into EU structures (the employers had been more successful in setting up a peak association, notably for international activity – see Boda and Neumann 2000, p. 423).

Both the coordinator of the Trade Union Integration Commission (MSZEIB) and a labour researcher who was also an adviser to the government on the harmonisation of employment and social policy legislation expressed frustration during interviews at the general lack of a concerted effort on the part of the unions to take up more informed positions on EU integration matters (Interview MSZEIB co-ordinator, 6 March 2000; Interview independent government adviser, 3 November 2000). However, the unions general focus when asked about their participation in EU integration at national level was to stress their poor relations with the government in this field too; e.g. they criticised meetings of the European Integration Council for being a one-way channel for the Foreign Minister to report on the state of the accession negotiations; they also stated that this was the attitude of previous governments to involving them in EU integration (Interviews Autonomous, 3 March 2000; Garment Workers' Union, 21 November 2000). Moreover, various confederation officials confirmed that they relied on their 'friends in Brussels' to provide them

with documents which the government often declared 'secret' (Interview MSZOSZ, 7 March 2000; Boda and Neumann 2000, pp. 420-423).

## CONCLUSION

This analysis of the differing conceptions of 'social dialogue' held by the actors involved has highlighted three broad conclusions. First, post-communist governments have struggled with the problem of how to balance social acceptance for economic reform with the level of involvement allowed the social partners in economic and social policy-making. Attempts to address this balance have focussed on maintaining some form of IRC and a level of commitment to social dialogue, while either ignoring or manipulating the structures and agenda of the tripartite fora or repeatedly calling into question the legitimacy of the social partners. Second, the weakness of the unions in terms of organisational structure, membership and general legitimacy, means that the steps taken by the Fidesz government to reform the structures and functioning of the former tripartite system - such as the minimum wage question - showed to what extent the unions were dependent on the willingness of political elites to share power and that their efforts to change their organisational structure and strategies were almost entirely reactive. Third, with regard to integration, the unions largely saw the EU as a vehicle to overturn their weakness at a domestic level and as a result of these same weaknesses were unable to develop a pro-active strategy for integrating into EU 'social dialogue' structures and practice. It might be suggested that this lack of knowledge, especially on the sector-specific impact of integration, contributed to the unions positive view of integration (often stated in simplistic terms, such as, 'wages will go up', 'our standard of living will improve', 'social dialogue is a European norm') and allowed the unions to report, with some pride, that they are able to cooperate highly successfully when it came to EU integration.

As long as the unions remained vulnerable in terms of structure, membership and legitimacy, they were be trapped in a vicious circle of having to focus on national-level tripartite negotiations where they relied on, and were subject to, shifts in the interpretation of social dialogue as put forward by political elites who, in turn, could be more or less open to EU influence in promoting social dialogue in Hungary.

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