Employers must stop misusing the crisis to roll back on social standards and to put pressure on wages

A fair recovery can only be achieved at the collective bargaining table

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One year after its start, COVID-19 continues to send shockwaves throughout the economy. There is still much uncertainty about when the pandemic will end. However, not all sectors and companies are equally affected by the crisis, as some have managed to recover and even to thrive. In the manufacturing industry, a significant economic recovery occurred during the past months. Workers also played their part, as they continued their activity despite the high infection risk. This was also possible due to the unprecedented support measures that public authorities offered to companies.

Employers must now also shoulder their responsibility and engage constructively in ensuring a fair recovery. Misusing the crisis as an opportunity to call into question collective bargaining, established agreements and to roll back on workers’ rights is unacceptable. IndustriAll European Trade Union is calling on employers to join their counterparts at the bargaining table at all relevant levels, especially in countries where until today they refuse to negotiate, like in Central and Eastern Europe. In the cases where employers respect their responsibility and sit at the negotiating table, we urge them to adopt a constructive attitude and to end pointless provocations with unacceptable offers. Together, trade unions and employers can find balanced solutions out of this crisis. Trade unions are fighting for a fair redistribution of the profit that workers helped produce. A fair recovery can only be achieved if the workers will not be left to bear the brunt of yet another crisis for which they are not responsible. Furthermore, the crisis has highlighted the fact that essential workers are low-paid workers. In all countries they are the ones who have kept the economy afloat. Today they can no longer be ignored.

What is the economic and social situation?

Since the outbreak of COVID-19, many companies have been able to take advantage of public support. European and national authorities have put in place various public measures to aid businesses, such as job retention schemes (short-time work), state-guaranteed loans, reduced taxes and subsidies on production. This was the right response to the crisis, as a tsunami of insolvencies, restructurings and redundancies has been avoided.

Not only did public support help businesses overcome the crisis and recover, but in some sectors, we can even observe that it helped some thrive. The reality is nuanced, with some sectors gaining and others losing. The latest figures by Eurostat show that business profit shares stabilised at 39% in the euro area in the third quarter of 2020. This confirms what was already visible in the second quarter of 2020, when business profit shares almost recovered to pre-COVID-19 levels. This is explained by the sharp decrease (-16.3%) of spending

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1 A more detailed analysis is under preparation.
on workers’ compensation (wages and social contributions are covered by the state through the job retention schemes put in place), less taxes and subsidies on production.

However, the recovery in business profit shares did not trickle down into workers’ wages. The distributional relation between wages and profits did not change in 2020. On the contrary, we have seen employers misusing the crisis as an excuse to jeopardise collective bargaining. The worst attack came from the employers in the Finnish forest industries, who announced their plan to withdraw from national collective bargaining. One of the largest companies in the forest sector (UPM) went as far as threatening to withdraw from national collective bargaining for its employees and therefore violating workers’ fundamental right to collective bargaining. IndustriAll Europe is worried that such initiatives, taken in a country with a very old tradition of good industrial relations will spread to other sectors and also to other countries than Finland.

In more and more countries, trade unions have been recently forced to resort to industrial action in order to reach an acceptable collective agreement. In Italy and Germany, trade unions were successful in countering employers’ refusal to share the gains with the workers who help produce them. The mobilisation in the metal sector in Italy reminded employers that production and profit are impossible without workers’ hard work. The sectoral negotiations ended with a historical achievement won by the Italian unions, which managed to go far beyond the much needed pay rise. The new agreement also secures an important reform of professional classifications (which had been in place since 1973), a right to continuous training and a protection programme for victims of gender-based violence. In Germany, IG Metall reached a new agreement in the textile and clothing industry after warning strikes and corona-compliant actions.

However, in the German metal and electrical industries, the fight continues with warning strikes. There, the employers fail to make any concrete offer for 2021 and they ask for an automatic differentiation mechanism for companies in economic difficulties (generally derogations from collective agreements must be renegotiated). The situation is similar in the Netherlands and Belgium, where trade unions continue their struggle against employers who refuse to engage constructively in the negotiations. The employers’ offers seem to be acts of provocation, because the proposed increases are minimal and would not contribute to the increase in purchasing power. In the Netherlands, trade unions in the metal and electronics industries carried out a corona-proof strike, showing employers that a pandemic does not hamper trade union power. In Belgium, the trade unions have left the bargaining table and are carrying out actions.

This is not the first time that employers try to misuse a crisis in order to push for deregulation, more flexibility and to roll back on workers’ rights. IndustriAll Europe warns against repeating the mistakes of the global financial crisis in 2008-09, when politicians upheld employers’ calls for more flexibility and subsequently undermined workers’ rights. The harmful effects of dismantling collective bargaining systems in response to the 2008-09 crisis, especially in countries most hit by the crisis, have been well documented. We saw how increasing flexibility mainly benefited big businesses and how the profits workers helped generate, ended up in shareholders’ pockets.

In France, in some cases, employers are taking advantage of the situation to divide the workers within the same companies, with certain entities covered by a collective agreement while others are not. In some branches, the employers categorically refuse to negotiate and, therefore, do not propose any re-evaluation of wages despite the fact that they received state aid since the beginning of the pandemic (partial activity,
aid for taking paid leave, exemptions and aid for paying contributions). Employers must understand that collective bargaining is a right and not just an option.

Inequality is booming as an outcome of the pandemic. Although job retention schemes have mitigated the social consequences and prevented mass unemployment, many workers face deep financial hardship and must dip into their savings to make ends meet. The ILO's latest report highlights that wage growth slowed down in the first half of 2020 and that women and lower-paid workers have disproportionately felt the effects. The report shows that in Europe, without wage subsidies, women would have lost 8.1% of their wages compared to 5.4% for men. Moreover, a recent ECB report also shows that the young have been disproportionately affected by the crisis, as youth unemployment has increased significantly more than the overall unemployment. Temporary workers and atypical workers (both categories including mostly young workers), and workers with low levels of education were among the strongest hit, as they were the first to be dismissed.

It is therefore imperative that employers shoulder their responsibility and engage constructively in ensuring a fair recovery. Misusing the crisis as an opportunity to push for more profit at the expense of labour and social rights is unacceptable.

**IndustriAll Europe’s demands for a fair recovery for workers**

We need to secure employment and improve employability through training for future-proof occupational pathways. We also need wage increases to counter this alarming trend of exploding inequality. We also need wage increases to improve purchasing power and the internal market. Even employers should take their responsibility to support purchasing power in order to avoid a further deterioration of the economic crisis and prepare for the recovery and the creation of new jobs. Without purchasing power, we cannot escape the crisis and will end up in an even deeper one, like the recession following the crisis of 2008-09, due to austerity. We have welcomed the EU recovery plan, but among many other demands, we highlight the need for a demand-oriented economic policy in the EU.

A fair recovery for workers, the society and the economy depends on each actor fulfilling their responsibility. Governments must continue providing support for as long as necessary. It is now high time also for employers to fulfil their responsibility and to join trade unions in their efforts to ensure a fair recovery. IndustriAll Europe, together with its affiliates, fights for improving incomes and employment. We call on employers to join us at the bargaining table and to engage in constructive negotiations.

Some countries are already announcing that, as a result of the crisis and its costs, savings will have to be made over the next ten years. Neoliberal policies have shown their limits after the 2008-09 crisis. The high number of deaths during the COVID-19 crisis is a result of the unprepared health systems that have been weakened by underfunding due to austerity. It’s now time for a change of policy. IndustriAll Europe demands policies based on solidarity towards workers and people.