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The Causes and Consequences of the 2008 Financial Crisis

An Overview With a Quantitative Analysis of the Effects of the Crisis on Trade Union Membership in Europe

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1. Introduction

The labour union movement has faced many challenges since the capitalist Golden Age came to an end in the 1970s. It has lost the support of governments, society, and even workers and has borne the brunt of neoliberal reforms whether instituted by governments, the financial sector, or corporations. It has also had to adapt to the ever-changing landscape of labour and employment characterized by an increasing tertiarization of jobs, the precarization of work, and an ever-increasing demand for job market 'flexibility'. Theses changes have been compounded with the stagnation of the real economy, increasing inequalities and wage disparities, the rise of the financial sector, increasing deregulation, globalization, and a spate of crises leaving trade unions in a fragile state.

The latest crisis, the financial crisis of 2008 more recently referred to as 'The Great Recession', is the biggest crisis to affect the world in recent times and is unprecedented in its scale and reach seemingly leaving no country untouched. Unemployment levels increased sharply, especially among younger workers, and many countries have only begun to return to their pre-crisis levels recently. This crisis poses many challenges as to understanding the conditions that led to it, dealing with the consequences that resulted from it, and predicting and preventing a similar event occurring in the future. Civil society movements, such as Occupy Wall Street or the Indignados in Spain, have appeared in the aftermath proposing solutions, voicing their discontent with government policies, most notably austerity measures and bail-outs.

In light of this, labour unions have to contend with a series of challenges and changes brought about by the crisis, but how will they choose to approach them? Traditionally, the strategy of labour unions has been to bargain at sectoral and national levels and, in the case of a break-down of negotiations, mobilize workers through strikes. On the other hand, there have been more recent efforts where unions have used different strategies such as bargaining at a transnational level or even allying themselves with civil society movements to voice their contention.

The crisis could also present labour with a unique opportunity; workers are now in a more fragile state with the rising unemployment, and with the risk of losing their jobs increasing. This state would lead them to seek out organizations to turn to for help or

reassurance. This presents labour unions with a chance to recruit new members, to collaborate with workers in a position of need, to work on increasing its representativity in the workplace.

These are the main themes that I will approach in this paper. First I will briefly explore the causes, both long-term and short-term, of the 2008, financial crisis. Afterwards, I will continue with a presentation of the consequences of the crisis and their implications on employment, and labour unions. This will be done in parallel with a description of the decline of labour movements and their current state. Finally, I will proceed with a statistical analysis of the effects of the crisis on labour union membership, and job security for union members, in Europe using data from the European Social Survey.

2. The 2008 Financial Crisis

2.1. Events leading to the crisis

There isn't yet a consensus on the fundamental causes of the 'Great Recession' but the events leading to it are well established. The crisis was set off by a decline in housing prices, mainly in the United States and certain European countries, after a sharp increase beginning in the early 2000s. This led to the subprime loan crisis as borrowers defaulted on loans and mortgages as they noticed that even selling their houses would not be enough to pay them back. This provoked a crisis in the investment banking sector, even though only 20% of subprime loans were in default (Schoenbaum 2012, pp. 22–24). Investment banks had begun to deal heavily in derivative financial products, securities, and it is estimated that between 2001 and 2007, that $27 trillion dollars in securitizations were issued. When the news came that the housing bubble had burst, investors started selling off all the derivatives in their possession, thus making their values collapse (ibid., pp. 25–31).

Commercial banks then entered crisis as the market for securitizations disappeared and were left with a short-fall of available cash leading to a stop in inter-bank lending. Lending, even to creditworthy businesses, ceased as banks attempted to get their finances in order. With American financial institutions in a state of near-collapse, the stock markets dropped as investors panicked in reaction to the financial crisis. The result was a decrease in market and consumer confidence due to households cutting back on spending, as the value of their assets decreased, and the inability of businesses to access loans. Businesses responded by cutting jobs which in turn drove up unemployment and decreased the number of available positions (ibid., pp. 31–35).

The economic and financial situation of the United States then proceeded to affect almost all other countries and regions, especially those closely linked to the American economy such as China, Japan, and Europe. Their banks, especially European banks, were also closely linked to the American financial system, which put them at risk. International inter-bank lending also stopped, world trade volumes declined and emerging economies suffered as investors pulled out. Interestingly enough, it is the emerging economies that have recovered the quickest while advanced capitalist economies struggle to reach pre-crisis levels (ibid., pp. 36–37)

2.2. The Causes of the Crisis

There is no shortage of proposed causes of the current crisis. On the one hand, there are short-term issues mainly stemming from the United States Federal Reserve and government policies after the end of the dot-com bubble as well as new, often under-regulated and misunderstood, banking practices. On the other hand, there are over-arching long-term macroeconomic and structural problems that date from the 1970s. In this section both will be explored and, as we will later see, some of the long-term causes are also associated with the decline of labour movements.

2.2.1. Short-term Causes

One of the catalysts for the housing bubble was the US government policy on housing during the Clinton and George W. Bush eras which sought to increase home ownership. In order to achieve their goals, the administrations dictated that 30%, and later 55%, of mortgages purchased by Fannie Mae and Freddie Mac, two mortgage guarantee companies, had to be from low and moderate income borrowers (Schoenbaum 2012, pp. 76–77).

In addition, banks issuing mortgages and loans failed to adequately check the financial histories of the individuals they were lending to as by then the widespread adoption of the 'originate and distribute' model (one bank establishes the loan, and then sells it on) made it easier to lend to high-risk individuals as the responsibility in case of default no longer lay with the bank that had given the loan (ibid., p. 71). The government supported these lax mortgage lending standards in order to achieve their policy goal. This, coupled with the fact that Fannie Mae and Freddie Mac had 75 times more assets than capital, means that they were simply not in any position to cope with defaults (ibid., p. 72).

Stiglitz identifies '[…] an "excess" supply of liquidity in global capital markets and the failures of the central banks in the United States and some other advanced industrial economies to act to restrain liquidity and dampen the speculative increases in housing and other asset prices', as being part of the origin of the sub-prime crisis (2010, p. 20) which led to the current crisis. Iversen and Soskice (2012) also identify the rise of global imbalances as an underlying mechanism leading to the current crisis. The United States and, to a lesser degree, the United Kingdom had external deficits, in other words the

countries spent more than their GDPs, through dissavings.

Dissavings do not necessarily equate to a trade deficit, but in the case of the United States and the United Kingdom in the 2000s, there were also public sector deficits as well as business savings which means that both countries had negative trade balances. Net exporter countries, such as Germany and Japan, who had external surpluses decided to invest them in short-term loans to investment banks and other highly leveraged financial institutions (institutions that have far more assets than underlying capital). In other words increased overconsumption financed the very loans individuals took out in order to consume beyond their means (ibid., pp. 40–41).

The problem of a high amount of liquidity induced by global imbalances was compounded by the fact that the Federal Reserve fixed interest rates too low for too long a period (1% between 2003 and 2004) thus sparking an inflation of asset prices, through an increase in debt from lower-income households and an increase in investment from higher-income households, and bringing about a general decrease in the quality of credit (Leijonhufvud 2009, p. 742; Wisman 2013, p. 926).

2.2.2. Long-term Causes

While the previous explanations show how the crisis unfolded in the relative short-term, mainly by explaining how it was possible that, what was essentially, a housing crisis led to a global economic crisis due to short-term financial trends, another approach is to adopt a view that considers the causes

Stiglitz et al. (2010) and Wisman (2013) both consider the issue of growing inequalities and wage stagnation to be underlying causes for the current crisis. According to Stiglitz et al.: ‘It is now recognized that in most advanced industrial countries, median wages stagnated during the last quarter century, while income inequalities surged in favor of the upper quintiles of the income distribution’ (Stiglitz et al. 2010, p. 23). When it comes to inequality, between 1976 and 2006, the average inflation-adjusted wage increased 64%, but it is much more interesting to look at the extremes: for the bottom 90%, wages only increased 10% while for the top 1% of households, wages increased 232% in the United States. In fact, the majority of the gains made by the top 1% were only made recently, during the Clinton and Bush administrations (45% and 73% respectively) (Wisman 2013, p. 923). It’s the same story in most of the developed world

as well with income inequality increasing in the majority of OECD countries (OECD 2011). The growth in inequality is even more visible when looking at the Gini coefficient for wealth which is nearly double that of income inequality (OECD 2008). Wage growth in most advanced economies did not grow with the increases in productivity and the wage share of total income also decreased sharply especially towards the end of the 20th century (ILO 2008).

Wage stagnation and rising inequalities normally lead to lower aggregate demand reducing consumption, but this was offset by financial innovations facilitating access to borrowing and, supposedly, reducing risks while making it easier for those with high amounts of capital to make high gain investments through the financing of asset bubbles (Stiglitz et al. 2010, p. 24; Wisman 2013, p. 925). In other words individuals were accumulating debt to offset the fact that their salaries would no longer provide the standard of living they desired all the while those with higher incomes attempted to gain more through financial innovations using loans given to households. This is especially visible in advanced economies such as the United States, the United Kingdom, Japan, Germany, where household debt is equivalent to, or greater than, nominal disposable income (Heyes et al. 2012, p. 227).

To make it possible for a general increase in inequality, as well as for the possibility for finance to spread as extensively as it did, an ideological shift was required to reduce the amount of government control in the running of the economy. This ideology is termed 'neoliberal' which is usually considered to be a 'laissez-faire' ideology where the markets and the economy are left to their own devices through deregulation, which favours the capitalist class over labour (ibid., p. 224). Such measures were taken in the interest of promoting innovation and high-risk, but also high value-added, sectors as methods such as subsidies or protection were no longer available (Iversen and Soskice 2012, p. 35). Generally, 'Neoliberalism is first and foremost a strategy of macroeconomic reform, involving trade and financial liberalization, fiscal discipline (to be achieved through expenditure cuts rather than tax increases), and disinflation, to ensure that governments are willing to give up full employment.' (Baccaro and Howell 2011, p. 527). However, neoliberalism doesn't stop at macroeconomic reforms. Baccaro and Howell (ibid.), also identify institutional change, especially in the case of industrial relations, as being an important characteristic of neoliberal reforms. Institutional

change can both mean a decrease in the amount of restrictions imposed on capital, thus giving it more leeway to make decisions as it sees fit, and a change in its fundamental role, even though the institution is formally the same, leading the institution to adopt a more capital-friendly stance (ibid., p. 528).

Nolan (2011) in a similar vein argues that the shift in government politics that began in the early '80s was not only characterized by a decrease in government intervention but also a series of institutional changes, especially in the UK and the US, with the explicit goal of reducing the power of labour. 'Trade unions, it was commonly argued, exercised their power to interrupt production, push wages to unacceptable levels and engage in disruptive industrial actions. Labour was an unwelcome break on the circulation of capital.' (ibid., p. 15) In the case of the UK, trade unions were subjected to harsher regulations thus reducing their resources and diminishing their capacity to organize and destroying the labour movement's gains. Changes in labour law, designed to '[…] promote atomisation and wither collectivism', also gave clear advantages to management and non-labour employees which subsequently ended trade union growth and undermined its influence, especially in the public sector (ibid., p. 6). In fact, according to Nolan: 'The present crisis is at once a symptom of the pervasive and pernicious effects of unbridled capital accumulation and a consequence of the diminishing capacity of labour institutions to exert any influence over the definition of public policy (nationally and internationally) towards industry, work and regulation during the last quarter of the 20th century.' (ibid., p. 15) In this sense, the decline of the trade unions and labour movements can be viewed as linked to the current crisis in that they were no longer able, due mainly to external intervention, to keep capital in check.

2.3. The Consequences

One of the most notable consequences of the crisis was an increase in unemployment in many countries as the financial crisis expanded into an economic crisis (Stiglitz et al. 2010, p. 2). Some countries managed to curtail the increase in unemployment, for instance Germany which even saw a consistent *decrease* in unemployment rates. Countries in the south of Europe had more trouble coping with the effects of crisis on employment. Youth unemployment rose dramatically in many cases. Governments intervened and enacted an array of measures in order to reduce the effects of the crisis.

In this section I will look mainly at the effects the crisis had on employment and workers as well as the types, and effects, of the various measures adopted by governments to respond to the situation.

2.3.1. Effects on Employment

The crisis had a major effect on unemployment in most of the world, leading to a doubling of unemployment rates in some countries and to a tangible decrease in the amount of jobs available. Even powerful economies such as the United Kingdom, and the United States, have only just begun to recover from unemployment while others, such as Spain or Greece, see no end in sight. Unemployment should also be regarded carefully as a decrease in unemployment doesn't necessarily mean that people have found jobs. It is also possible that some individuals left the job market entirely following the crisis and thus no longer appear in unemployment statistics (Schoenbaum 2012, p. 2). Youth unemployment, already rather high before the crisis, and long-term unemployment were even more dramatically affected by the conditions brought about by the crisis. Some countries fared better than others following the crisis mainly due to the nature of their labour markets.

Countries and regions with more flexible labour markets, such as Scandinavia, Portugal, the United Kingdom, were much more affected by the crisis than those with more rigid markets (Tridico 2013, p. 176). Within the countries with flexible job markets, there are those that adopted the 'flexicurity' model which allies job market flexibility with social measures that provide protection during the period of unemployment and those that have job market flexibility with little accompanying social security and labour market policy. Generally the latter countries, also termed 'market' regimes, have weaker trade unions that are also less involved in the process of establishing job market policy. 'Inclusive' or 'dualist' regimes on the other hand are considered to participate more in collective bargaining and social dialogue thus allowing trade unions to shape 'flexicurity' policy with an interest in preserving employment and social security (Heyes 2013, p. 73). The countries that adopted the flexible model of employment had an increase in unemployment following the crisis as those models allow employers to more easily dismiss employees (Tridico 2013, p. 177). The effects on GDP were less pronounced in countries adhering to the 'flexicurity' model than those simply adhering to flexibility.

Four countries, proved to be exceptions to a decline in employment and GDP following the crisis: Austria, Poland, Luxembourg and Malta. These countries did not experience an increase in unemployment and saw their GDPs grow. Germany, is another exception: both its GDP and employment grew following the crisis.

Tridico (ibid.) groups the hardest hit European countries in terms of employment into three geographic regions: the Baltic countries, the Anglo-Saxon countries, Ireland and the UK, and the southern European countries. The Baltic countries are characterized mainly by their exposure and reliance on outside countries and high current account deficits. The Anglo-Saxon countries have competitive capitalist economies which entail high financial exposure, very flexible labour markets and low public expenditure on social policies. Finally, the southern European countries are seen as a combination of the two previous categories. The Scandinavian countries and their flexicurity approach combined with passive and active labour market policies permitted them to better deal with the human and social costs of the crisis. In general, the crisis had a bigger impact on jobs in countries with less labour market stability and more exposure to the financial market and reduced impact on countries with more active labour market policies and higher trade union density (ibid., p. 188).

The crisis was harder on younger workers and those employed under non-standard contracts, as they are quite often the first to lose their jobs (Leschke and Jepsen 2012, p. 296). According to the European Commission, temporary workers accounted for 44% of the reduction of all employees in Europe despite only representing 14% of the European workforce (European Comission 2010, p. 41). In other words the ‘outsiders’ were far more affected by the downturn than any other group of employees. OECD data shows that unemployment in 2009 for prime-age workers (25-54) as being half that of younger workers (15-25) (Rueda 2012, p. 383). In Spain for instance, 85% of job losses concerned temporary workers and in Italy, figures show that the net increase in unemployment is also mainly due to the dismissal of temporary workers. Skilled workers were also less likely to lose their jobs as they are harder to replace in the event of economic recovery. Interestingly enough, this crisis did not seem to lead to differences in unemployment by gender. In part, this is due to the fact that the sectors hardest hit by the crisis were construction and manufacturing which are characterized by a predominantly male workforce (Keeley and Love 2010, pp. 54–55).

Youth unemployment, even in times of economic stability, is higher than that of the rest of the workforce. There are many reasons for this such as employment practices that lead the newest members of company to be the first to be laid off, or the simple fact that the majority of temporary jobs are occupied by younger workers. Unemployment is especially hard on youth and quite often leads to unfavourable employment conditions in the future. In addition, precarious employment and temporary jobs often are not taken into account for unemployment benefits leaving the youth in a more difficult position in which to face the crisis (Keeley and Love 2010, pp. 56–57).

2.3.2. The Sovereign Debt Crisis

The most popular account given of the sovereign debt crisis is that the GIIPS countries (Greece, Ireland, Italy, Portugal, and Spain) were fiscally irresponsible as they spent more than they earned especially when the economic cycle was favourable. This led to an increase in the bond interest rates due to the perceived risk of the countries' debt. The rise in interest rates was no longer sustainable and governments had to ask for support from the IMF and the EU. In return, those same organizations required the governments engage in austerity programmes, liberalize labour markets, and restructure welfare in order to bring their finances under control and improve their growth potential (Armingeon and Baccaro 2012, p. 255).

However, this argument does not necessarily reflect reality. Armingeon and Baccaro (ibid.) argue that out of the GIIPS countries, only Greece's fiscal policy can be considered to have directly contributed to the sovereign debt crisis. For the rest of the GIIPS countries, fiscal imbalances were largely the result of the effects of the Global Financial Crisis. This was exacerbated by the fact that the GIIPS countries waning competitiveness when compared to Germany and the European Core. As they are no longer in control of their currencies, they cannot devalue them leading to very few possibilities for a return to economic growth (ibid., p. 255). For instance, Spain and Ireland met the requirements set by the Stability and Growth Pact prior to the crisis (ibid., p. 257).

The responses to the crisis were varied. Spain and Portugal adopted counter-cyclical policies while Greece and Ireland adopted pro-cyclical ones. Italy did not adopt any stimulus packages, nor did it cut spending as expenditures were roughly equal to receipts. Nevertheless, Spain's counter-cyclical stimulus package did not help the eco-

nomy while Ireland's decision to bail out banks left seriously deteriorated its public finances (ibid., p. 257). Prior to the crisis, nominal salaires in the GIIPS countries increased to reach the level of those in Germany, however productivity, compared to that of Germany, continued to lag especially when considering that German productivity continued to increase. The GIIPS countries, except Ireland, were also characterized by current account deficits meaning they imported more than they exported (ibid., p. 259).

Normally, in order to restore competitiveness, the solution would be to devalue the currency, however being Eurozone members, they do not have this option. Devaluing a country's currency makes their exports cheaper and makes imports more expensive thus favouring domestic production. Additionally, as Eurozone countries are not in control of the currency they use, if they require additional liquidity, they have to borrow it from private financial markets at high interest rates. This makes it harder for governments to obtain the necessary liquidity to, for instance, purchase back government bonds which could lead to insolvency. In order to reduce the interest rates, countries then undertake austerity policies with the goal of restoring the confidence of investors (ibid., p. 262). Austerity is therefore viewed as the answer to returning to economic growth especially as it constitutes a form of internal devaluation with the goal of reducing prices and wages relative to other countries thus increasing competitiveness. However, austerity does not necessarily translate into growth leading to the markets continuing to doubt the possibility of future growth and stability. In fact, there is now a growing consensus that austerity may have negative effects on both growth and employment (ibid., p. 263).

The response to the crisis in the GIIPS countries – austerity – was largely the same. In Greece, Ireland, and Portugal, it was due to the fact that they were all bailed out on similar terms by the *troika* (the European Central Bank, the European Union, and the International Monetary Fund). Italy and Spain both adopted austerity out of a necessity to reassure financial markets. While it seems that European countries do not have a substantial amount of policy discretion, this is mainly the case of peripheral member states (ibid., p. 264). In fact, austerity measures can no longer even be considered to be a political issues as was evidenced by the elections in Portugal and Greece where all parties that stood a chance to win signed a memorandum of understanding with the IMF

stating that austerity would continue (Armingeon and Baccaro 2012, p. 267). Further fiscal policy measures have been taken by the EU including a provision that members must inscribe a fiscal correction mechanism in their constituions as an extension of the Stability and Growth Pact. This reduces the autonomy of national governments concerning fiscal policy while transferring responsibility to institutions at the European level with no democratic mandate (ibid., p. 268).

2.3.3. Policy Changes and Anti-Crisis Measures

While governments mostly focused their efforts on saving banks and preventing economics collapse, a smaller number of labour market measures were taken. One approach taken to prevent an increase in unemployment was to introduce subsidies as well as cutting employers' social insurance contributions. Another was to increase the amount and scope of active labour market policies especially programmes aimed at aiding workers to find employment and providing training. While these were the initial measures adopted immediately following the crisis, they were not applied for long as pressure from entities like the IMF, the European Central Bank, credit-rating agencies, and similar institutions forced countries to adopt austerity measures in order to reduce their debt (Heyes 2013, p. 74).

One of the most notable changes in government policy was the adoption of short-time work measures, particularly in Germany. These measures permit companies to reduce the working time and thus the salaries of employees without having to resort to lay-offs. The state in part compensates the workers for the reduced hours (60%), social security contributions remain unaffected as well as paid leave, and often other company-level contributions. As such, short-time work does not bring a large amount of income loss for employees. It also present advantages for employers as they no longer have to hire new workers and train them once demand is restored as well as saving them expenses associated with dismissing workers (Brenke et al. 2013, p. 291).

In order to make short-time work a more attractive option than lay-offs, the German government had to amend the rules governing this scheme. The maximum duration that workers could benefit from wage supplements, varying with the period during which workers began short-time work, was increased. Other measures were introduced with the goal of reducing costs for employers notably when it came to social security contri-

butions, which are reduced for the first six months of short-time work and then entirely reimbursed by the government. It was also made possible for temporary workers to participate in short-time work schemes and additional employee training would not incur costs to the employer during the first six months of short-time work. These conditions led to a massive up-take by firms. In early 2010 almost one-fifth of firms with 500 or more employees applied had implemented short-time work, as it was now favourable for those firms and did not incur too many additional costs (ibid., pp. 292–296).

The same sectors that saw the biggest decline in employment, manufacturing and construction, were also the biggest and earliest adopters of short-time work in Germany due to a sharp decline in foreign demand. In manufacturing, short-time work could only mitigate the effects of the crisis and and employment continued to decline in the sector until the beginning of 2010. As of September of 2012, employment in manufacturing had only just reached pre-crisis levels (ibid., pp. 297–299). The facilitation of short-time work schemes for employers has also led to a new phenomenon: long-term short-time work. Brenke et al. (ibid.) note that '[…] about 60 percent of short-timers had been working on this basis for more than one year, and a third of them for more than 18 months. This suggests a structural pattern and the establishment of a base of long-term short-time workers […].' This practice is most present in the manufacturing sector but also in sectors such as IT or retail that were not really affected by the crisis at all (ibid., pp. 300–302). Short-work time measures were again extended in Germany to a maximum duration of 1 year starting January 1st 2013 until the end of the year further confirming the tendency of rendering what was initially a temporary a measure a mainstay of employment legislation (Lang et al. 2013, p. 21). Short-time work was not the only measure adopted by the German government. As the crisis most heavily affected agency workers and younger workers, the government also introduced measures aimed encouraging employers to offer more apprenticeships (600,000 places) but this motion was rejected employers (Heyes 2013, p. 79).

The states of the labour market, especially in the manufacturing sector, favoured the use of short-time work due to the fact that the sector has begun to steadily *lose* qualified workers and thus there is an important incentive to retain as many trained employees as possible. In addition, as many companies in this sector use 'working time accounts', companies could reduce working time with the proviso that they would 'credit' the lost

hours back once business had picked up. This was further aided by the fact that generally working time accounts were in 'surplus', i.e. they had worked more hours than necessary prior to the crisis (Clasen et al. 2012, p. 16). Since 2011, despite the fact the Germany's economy had recovered, the predominantly right-wing ruling coalition had begun to introduce austerity measures in an effort to reduce public debt. Welfare has been reduced and more restrictive labour market policies were adopted. The project of instituting a minimum wage as well as bonuses established to encourage employers to hire apprentices were abandoned while parental leave benefits were reduced. In an effort to increase 'work incentives', supplements previously given to individuals transferring to long-term unemployment were removed, and the government stopped covering the pension contribution of the long-term unemployed and others receiving welfare. The long-term unemployed also had their parental benefits stripped. Finally, job advisors were given more discretion in offering unemployment support measures; there are even indications that measures that were perviously a right, such as 'job integration subsidies' for the long-term unemployed, might become discretionary (Heyes 2013, p. 79; Clasen et al. 2012, p. 17). Other changes include the abolition of job creation programmes as well as cuts aimed at helping individuals start businesses. The German response to the crisis can be characterized as following two logics. On the one hand the government heavily utilized temporary measures preventing sharp increases in unemployment while permitting employers to retain workers. On the other, the government instituted cuts in benefits especially for the long-term unemployed, but this has not jeopardized previous changes aimed at extending active labour market programmes to previously excluded categories such as social assistance claimants (Clasen et al. 2012, p. 17).

Germany was not the only country to implement changes to a pre-existing policy of short-time work. Other countries such as Austria, Belgium, Denmark, also implemented similar changes to their short-time work policies which are either reductions in costs for employers or increased government financial support. In Austria amendments were also enacted starting January 1st making it easier for employers to implement short-time work as they no longer need the approval of works councils to enact such measures. Employees are still obligated to negotiate company-level short-time work agreements with social partners. Training taking place during short-time work is now subsidized by

the government while employers are given a shorter period of exemption from social contributions (Lang et al. 2013, p. 21).

Prior to the crisis, Denmark had begun instituting reforms related to job-seeking. The main goal was to unify active labour market measures, and thus no longer distinguish between workers subscribed to voluntary unemployment insurance and those who aren't, however benefit levels were not harmonized. In theory such a change should promote better access for all unemployed to the job market, but these reforms were instituted by a right-wing government in an attempt to reduce the power of trade unions. In Denmark, unemployment insurance is affiliated to unions and it is widely considered that is a an important vector for membership recruitment (Clasen et al. 2012, p. 12; Gumbrell-McCormick and Hyman 2013). Initially, the Danish government was confident that the crisis would be over soon and introduced packages mainly aimed at increasing employment in the short-term and among youth (under-30s) as prior to the crisis Denmark had been suffering a labour *shortage*. However, unemployment kept climbing and Denmark's public finances deteriorated in part to tax reductions instated as part of the above-mentioned employment measures. The government therefore adopted a Recovery Package undoing the tax cuts while reducing the maximum duration for unemployment benefits by half. Pension reforms were also introduced which mainly consisted of a gradual increase in retirement age, and reduced the duration of benefits provided to individuals taking voluntary early retirement. Certain measures enacted by the previous Liberal-Conservative government, such as the imposition of a benefit ceiling, were undone following the 2011 elections by the new Social Democrat coalition. The new government also abolished a benefits programme, 'Start Help', which provided lower levels of social benefits for new residents. While the Social Democrat party promised to revert the reduction of the maximum unemployment benefit duration, the Social Liberal coalition partners prevented this from occurring. The changes made to early retirement were also left untouched (Clasen et al. 2012, pp. 13–14).

The mesures taken by the liberal-conservative government were introduced unilaterally despite trade union opposition. In response to the decrease in duration of unemployment benefits and the changes affecting early retirement, the largest trade union confederation, LO, staged a one-day protest in June 2010. Nevertheless, industrial action remained limited and no general strikes were called. Generally, industrial relations

in Denmark are not very contentious, and while there was no dialogue at the national level, it was present at the sectoral level (Hansen and Mailand 2013, p. 380). d

France was in a particular situation following the crisis. Its automatic stabilizers contributed to avoiding a worst-case scenario, but the government also instituted a number of emergency measures. One of them was subsidized short-time work (*chômage partiel*) which became easier to access following the crisis as well as providing better entitlements especially during the early stages of the crisis. Programmes were established specifically targeting workers who had suffered economically motivated redundancies providing specialized employment services but also far better unemployment benefits and were also expanded to take into account more sectors (Clasen et al. 2012, p. 14). As is the case in other countries, these measures were mainly aimed at the core workforce, or 'insiders'. The French government contrary to Germany, also introduced measures aimed at creating new employment contracts subsidized by the state (*contrats aidés*) in all sectors. The government also provided a substantial financial support package destined for firms recruiting young workers on training and apprenticeship contracts. Social assistance was also extended to under-25s including those with no children. Following the crisis, the French government continued to pursue policy reforms designed to open up access to social security to individuals with a less substantial history of employment contributions while employees with better work histories saw the duration of their benefits reduced in some cases. Bipartite training funds previously destined to providing training for employed workers were redeployed and targeted at young workers excluded from the job market as well as financing support for young workers through the public employment service. A tripartite body designed to pool and coordinate resources for labour market policy was created as a temporary cyclical measure in response to the crisis (ibid., p. 15).

In 2010, like in many European countries, France adopted a policy of budget deficit reduction principally through a non-renewal of around 100,000 public sector positions. On the other hand, the goal to reduce the budget deficit did not seem to affect the perviously adopted labour market reforms whose main goals were to respond to the crisis as well as institutional deficiencies in labour market policy already present prior to the crisis.

In Sweden, short-time work was negotiated at the workplace level mainly in the

manufacturing sector. This led the Ministry of Finance to propose a bill introducing state support in the case of a business employing reduced working time. The state would partially compensate employees for the decrease in salary over a period of 6 to 12 moths in normal situations and up to 24 months in the case of an 'extreme economic downturn.' However, nothing is specified concerning training, social security contributions, or benefits, not to mention that the bill was introduced *after* the worst of the crisis had already passed (ibid., p. 22–22).

In other cases, countries introduced short-time work arrangements which previously did not exist and, in the majority of cases, associated them with training programmes. In order to incentivize these training programmes, many governments subsidized the costs (European Comission 2010, p. 80). In addition, some countries extended short-time work schemes, often in cases where such legislation already existed to take into account workers normally excluded from legislation such as those on non-standard contracts or employees working in domains not normally covered by short-time work in (Glassner and Keune 2012, p. 354).

Short-time work measures were encouraged by both employers' and workers' organizations and both, in many cases, worked together in order to adapt them to the actual situation following the crisis. In Belgium, workers' organizations managed to secure an increase in benefits for those subject to short-time work arrangements as well as incentives destined to encourage the hiring of the long-term unemployed. In the Netherlands, both unions and employers lobbied for the reintroduction of short-time work as well as an extension of the converge and duration of partial unemployment schemes.

Unions played an important role in the application and establishment of short-time work, especially at the company level, as such measures required collective agreements in order to be implemented. In Germany, France and Belgium, the agreements led to compensation being above the minimum while reducing costs to employers. In Italy, a system similar to short-time work was extended to encompass more industries, smaller firms, and to more employment categories including temporary workers. Contrary to other countries, the enactment of such changes in Italy does not require the renegotiation of collective agreements but unions must be consulted before they are applied. While short-time work schemes were seen favourably by both unions and employ-

ers, the countries that applied such schemes most actively were Germany, Belgium, France, and the Netherlands while in other countries they were much less important (Glassner and Keune 2012, pp. 354–357). In the United Kingdom, the TUC (Trades Union Congress) also lobbied for the introduction of government supported short-time work measures but this was opposed by the CBI (Confederation of British Industry). The result was that certain employers agreed to a reduction in working-time as a job saving measure but this was not accompanied by financial compensation for the lost hours (Heyes 2013, p. 77).

Short-time work, while a much talked about and lauded approach to dealing with the crisis, was not the only employment measure undertaken by governments. While short-time work schemes aim to prevent mainly skilled workers losing their jobs, temporary wage subsidies target the workers that are often dismissed first such as those with little experience, low skill levels or those that have been unemployed for a long time. Temporary wage subsidies can either be used to encourage companies to hire these workers or to discourage companies from firing them. These subsidies can have multiple positive effects such as providing employment to excluded workers as well as providing better future job opportunities to excluded categories of workers. Austria for instance introduced a temporary wage subsidy aimed at employing the long-term unemployed in municipal bodies or charitable organizations. France also introduced employment subsidies aimed at providing jobs to older and younger workers with lower levels of qualifications as well as introducing bonus payments for those hiring apprentices (European Comission 2010, pp. 83–85).

Other measures adopted to deal with the effects of the crisis on employment include reductions in non-wage costs for instance, social security contributions for employers, sometimes only for a select group of employees (new hires, low-wage workers, young or old workers, or the long-term unemployed). In addition to the measures outlined above aimed mainly at increasing employment in the private sector, governments also sought to increase public sector employment during the early stages of the crisis. Most of these programmes targeted groups and areas that traditionally suffer from high unemployment and that usually have trouble entering or finding jobs in the private sector in times of crisis (ibid., p. 87). The UK for instance introduced programmes aimed at matching apprentices that had lost their jobs with companies looking to hire trainees

as well as a scheme entitled Young Persons's guarantee seeking to give young workers a place in employment, education, or training. The scheme was accompanied by the establishment of a fund, the Future Jobs Fund. These measures were scrapped following the election of the Conservative-Liberal Democrat government(Heyes 2013, p. 77).

Following the bailouts granted to the banking sector, many countries saw a sharp increase in their levels of public debt. The neoliberal solution was austerity which was translated by cuts in public expenditure, social benefits, and job reductions in the public sector. Such a solution did nothing to improve demand and consequently such measures lead to a deterioration of the economic situation (Gumbrell-McCormick and Hyman 2013, p. 123). On the other hand, austerity measures were not universally adopted and it is the countries that were hardest hit by the crisis – namely the anglophone and 'southern countries' – that were most likely to apply austerity measures. Drastic austerity in many cases was not necessarily the desired solution but was a necessary one especially for countries relying on financial support packages.

The current spate of austerity measures in Europe can be traced almost entirely to the Greek crisis. Following the crisis, the inadequacies of its tax system became more apparent and analysts were beginning to doubt the figures published by the government. It was also clear the for economic recovery, wages and prices would have to be reduced in order to recover a competitive position. The value of Greek bonds dropped, and banks attempted to get rid of them as quickly as possible leading to a possible threat to the European banking system and monetary union. The solution was a bailout, followed by the establishment of the European Financial Stability Facility designed to prevent a similar occurrence being initiated by other member states in financial difficulty; Ireland was the second country to receive a bailout. This also encouraged other potentially troubled countries such as Portugal, Spain, and the UK to institute austerity measures in order to regain market confidence.

One the first countries to enact austerity measures was Ireland who had suffered enormously following the crisis especially due to its own highly deregulated financial sector and housing bubble. The resulting bailouts led to a doubling in government debt between 2008 and 2010 which forced the government to apply for a rescue package. The government then enacted a decrease in minimum wage, an increase in VAT;

it had also previously introduced a 'pension levy' for public sector workers in effect a pay cut. The public sector measures led to the collapse of the social partnership agreement (Gumbrell-McCormick and Hyman 2013, p. 130). Unemployment benefits became more conditional and coercive while benefits for new claimants were halved for young workers. Benefits for older workers were also reduced with the introduction of provisions for further cuts if claimants were to refuse job offers. The minimum contribution duration necessary to receive unemployment benefits was doubled while the duration of those benefits was reduced (Heyes 2013, p. 76). More recently, the Irish government and unions have begun discussing pay and working conditions in the public sector. One of the proposals was an increase in working time, especially aimed at full-time civil servants working less than 40 hours a week, without an increase in pay (Lang et al. 2013, p. 11).

The UK, despite being in relatively good position financially following the crisis, also enacted austerity measures. Around half a million jobs cuts occurred in the public sector, public sector pensions were reduced, a pay freeze was instated, and major reductions in welfare spending (Gumbrell-McCormick and Hyman 2013, p. 131). programmes and funds destined at providing education for youth from low-income families as well as in-work training programmes were all cancelled. The new UK government's Work Programme will introduce much harsher measures and sanctions, for instance in the case of refusing a job offer, for the unemployed as well as making work related incapacity benefits much harder to obtain. Direct and indirect cuts were instituted in domains such as housing benefits, child benefits, and local tax benefits for the unemployed (Clasen et al. 2012, p. 20). Job subsidies enacted by the previous Labour government in order to promote employment were repealed and substituted by a weakening of the rules relating to hiring and dismissal as a solution for the effects of the crisis on employment. The current UK government sees 'employment protections as barriers to job creation and competitiveness,' (Heyes 2013, pp. 77–78).

The consequence of the measures adopted by the coalition Conservative-Liberal coalition was an *increase* in unemployment in 2011, especially in the case of youth unemployment which saw a year-on-year increase of 20%. The government then established new measures, aimed at helping younger workers find employment, such as publicly funded apprenticeships and work placement as well as the announcement

of a ‘Youth Contract’ in 2012 which provides subsidies to employers taking on young unemployed workers thus, in part, replacing the Future Jobs Fund. Unfortunately, the financing for this programme comes from cuts in existing expenditure most notably from support allocated to low-income working families. As previously mentioned, public expenditure of the British government was at a lower level than most European countries, and while there have been some emergency measures instituted, the main goal of the government, especially following the 2010 elections, has been to reduce public expenditure which has had an important effect especially on job seekers (Clasen et al. 2012, p. 20).

2.3.4. Austerity and the Public Sector

Contrary to short-time work and many other employment adjustment strategies, austerity was adopted by governments despite the disapproval of trade unions. In many cases there wasn’t even any social dialogue at all, and in the cases where social dialogue did take place, the unions’ opinions were largely ignored. Unions were not satisfied with this state of affairs in many cases calling strikes or allying themselves with social movements also opposing austerity. Trade unions proposed alternative measures which they considered could also provide states with ways to improve their public finances without cutting public expenditure namely through taxes aimed at individuals with higher incomes or introducing new taxes (Theodoropoulou and Watt 2011, p. 31). Generally, cuts in public spending are equally worrying for economic recovery as such mesures are ‘self-defeating’ i.e., they do not reinforce the economy but often leave it worse off (Gumbrell-McCormick and Hyman 2013, p. 123; Glassner 2010, p. 6). In most European countries, expenditure cuts comprised the majority of austerity programmes, and in many cases expenditure cuts comprised around 70% of the proposed measures. Even countries like Germany and Austria who initially had an even balance between expenditure cuts and tax rises have increased expenditure cuts over time (Theodoropoulou and Watt 2011, p. 18–19).

Cuts in public finances were aimed at reducing costs associated with social protection and public administration. As previously noted, many governments implemented pay freezes for public sector workers. Even in countries where collective bargaining is the norm, pay cuts could not be avoided as governments simply ignored the mech-

anism. As such, wage reductions and pay freezes were adopted unilaterally by governments despite opposition from trade unions. Unions did benefit from public support when it came to protesting the conditions imposed by governments on public sector workers especially through the public's discomfort with austerity programmes. The current developments are worrying as traditionally, the public sector has been seen as union stronghold and a defeat in this arena my not signal a bright future for union's in the private sector (Glassner 2010, p. 6). Up until the crisis, public sector employment had been on the rise in almost all the European member states except Italy, Germany, Finland, and Slovakia. Following the crisis during the period of 2008-2010, employment in public administration continued to rise in the majority of EU countries in part because job losses during that period occurred mainly in the private sector while the effects of austerity measures, notably pay freezes and job reductions, had yet to be properly implemented (ibid., p. 8–9).

In Ireland, prior to the crisis the government, employers, and unions had agreed to a 6% pay rise in *all* sectors but the government pulled out of the agreement following the onset of the crisis. Employers also abandoned the proposed pay increase and stated that following the crisis, pay rises were suspended for 12 months Civil servants' pay was also frozen as well until 2010 which prompted a large demonstration organized by the public sector union in February 2009. It is in this climate that the government and social partners were supposed to find an agreement on how to reduce public spending by €1 billion. The result was, as noted above, a pension levy thus reducing the salaries of public sector employees after tax but also a 6% wage cut for all employees in the public sector including education, health, administration, and even the police and armed forces. In December 2009, the social partnership collapsed crucially during the period of the largest rise in Ireland's public deficit. Following several weeks of industrial action organized by public sector unions, the government presented a proposal that would prevent instating compulsory redundancies as well as additional pay cuts in exchange for annual pay reviews that will be aimed at reestablishing the salaries of workers earning less than €35,000 a year while maintaining a freeze on recruitment and promotions as well as continued The agreement – the Croke Park Agreement – also provides provisions for the lifting of the recruitment freeze in case of shortages as well as and end to pay cuts in the case of 'efficiency savings.' Additionally, current

public sector workers will be retrained and redeployed while the government would attempt to bring in skilled employees from outside the sector in an attempt to reform it (Glassner 2010, p. 18; Bach and Stroleny 2013, p. 345).

However, the agreement was not enough, and the government reopened negotiations in order to establish a new agreement to further cut public sector spending. Trade unions rejected the proposals, and the government introduced legislation permitting to proceed unilaterally with wage cuts unless unions were to individually ratify modified proposals which they did. The agreement – the Haddington Road Agreement – led to an increase of working hours, pay cuts for individuals earning over €65,000 a year, and made periods between pay increments longer (Bach and Stroleny 2013, pp. 347–348). In 2009, there were 278,000 industrial disputes, but the following year the number dropped to around 500 This sharp decline in industrial action can be principally attributed to a growing fear of losing one's job. The agreements have done nothing to restore confidence to labour about contesting conditions and they should not be viewed as signalling the return of social partnership in Ireland. In addition, the agreements only apply to the public sector while the previous social partnership applied to the entire economy. This created a rift between private and public sector workers thus reducing the scope for cooperation between the two. It can also be argued that the agreements did not reinstate a social partnership but presented unions with an opportunity to avoid a unilateral implementation of cuts (ibid., pp. 352–353).

The UK, while in a less critical state than Ireland, enacted similar reforms, but in many cases these reforms were a continuation of policy changes established prior to the crisis. The Conservative-Liberal Democrat government continued to pursue public sector reform established by the preceding Labour government but also instituted agressive policies aimed at reducing deficit reminiscent of the Thatcher era. The government aims to reduce its deficit to 0.4% of GDP by 2015, down from 8.4% GDP in 2010; around three-quarters of this reduction is estimated to be achieved by cutting back on public spending (ibid., p. 343). The public sector in the UK has been subjected to 'new public management' reforms designed to encourage privatization, marketization, and establish the presence of a managerial authority. Consequently, is has become much harder for the public workforce representatives and professionals to combat unilateral policy measures enacted by the central government. The current

reforms mainly focus establishing a quantitative reduction in the workforce and wages. They have also continued to pursue initiatives enacted by the previous government such as an increase in outsourcing, scrutinizing employment conditions in more detail, and even criticizing EU directives by considering them 'barriers to competition.' The Conservative-Liberal Democrat coalition has also challenged national-level pay determination – however, this change was not embraced by employers nor by pay review bodies – and more recently the government has sought to eliminate seniority-based pay increases in favour of 'performance-related' pay determination (Bach and Stroleny 2013, p. 344).

Measures that were precipitated by, and adopted following, the crisis include a pay freeze as well as a less favourable pension indexations for the public sector which were later followed by pay and pension reductions especially as the current government considers that the public sector workforce had received 'generous' benefits under the previous Labour government. The pay freeze lasted two years and was later replaced with wage restraint limiting yearly salary increases to an average of 1% until 2014–2015. However, certain exemptions persisted; employees earning less than £21,000 a year were not subject to pay freezes while certain public sectors – health, local government, and some parts of the civil service for instance – are covered by nominal annual pay increase. This has prompted local employers to seek other ways to reduce pay through reforms affecting the composition of the workforce,or changes in non-wage pay. Automatic pay increases related to seniority were not affected by pay freezes either but the government, as previously mentioned, is aiming to remove this provision. The NHS and reforms affecting health in the UK are of central concern to trade unions as there is pressure from local employers attempting to circumvent national-level agreements in order to reduce expenditure (ibid., pp. 345–346).

The government's goal of reducing employment in the public sector was mainly achieved by voluntary redundancies as well as early retirement schemes. However mandatory redundancies were also instated which is a fairly uncommon occurrence in the public sector. Recruitment of new permanent staff was also frozen and the government instead turned to temporary and fixed-term employment. The NHS saw less severe employment reductions than the civil service but again it was also subject to employment freezes, and restructuring (ibid., p. 349). The most important point is that

the government implemented the reforms more or less unilaterally and did not consult with either employers or trade unions. Trade unions have been vocal in opposing austerity measures for a variety of reasons such as the negative effect the measures have on growth and employment, the fact that they transfer the responsibility for the crisis from the financial sector to the public sector. Trade unions have mainly concentrated on opposing immediate threats concerning their members rather than establishing alternatives to austerity. As the government does not seem willing to engage in dialogue, concession bargaining is the norm with some industrial action. In 2011, 30 trade unions and up to 2 million workers from the public sector coordinated in industrial action, however there has not been industrial action of that scale since. This can be explained by the fact that industrial action is only authorized in the UK in the context of a legal trade dispute with an employer, fears of trade union members that possible losses in income are not worth the risk of staging industrial action, trade union members doubt to which degree they can actually alter government policies, and difficulties in establishing workplace representation in the public sector (ibid., pp. 351–352).

Similar measures were taken in the Baltic countries. Pay freezes and public sector wages being cut in Estonia in 2009, with a general pay freeze being accepted for 2010 and 2011. In Lithuania, a 'national austerity' agreement was put into place leading to wage cuts and freezes for civil servants as well as large cuts in pensions, increases in VAT and social contributions. Latvia, under pressure from the EU and the IMF after securing a loan, imposed a 15% wage cut in the public sector as well as reductions in pensions especially for working pensioners. The cuts were most visible in education as teachers endured a 33% cut in salaries while spending on education as whole decreased by around 25% with additional cuts being planned despite the union for the sector appealing to the government (Glassner 2010, p. 18). Greece is perhaps the most extreme case of austerity as it is under pressure to fulfill requirements set out by both the EU and the IMF due to receiving a, first, bailout in 2010 of €110 billion. As in the previous cases, budget deficit reduction was to be achieved through a reduction in social expenditure – cuts in public sector wages, reductions of pensions, cuts in overtime wages, hiring freezes, and dismissal of temporary workers in the public sector – as well as an increase in government revenue through a VAT increase, curbs on tax and social contribution evasion, and higher levies on profitable countries (ibid.,

p. 20). Public sector pay reductions were replaced starting January 2013 by a new pay system as well as the end of holiday bonuses given to public sector workers. Life-time tenure in public corporations was also ended. Collective agreements concerning a rise in public sector salaries were frozen and then annulled while pay negotiations in 2012 were ruled to not be part of collective bargaining. The government did not stop at reducing the salaires of public sector workers, it also sought to reduce to amount of jobs. In 2011, the government decided to enact a scheme designed to reduce employment by instating forcing redundancies through pre-retirement. Generally, the other measures were designed to harmonize the public sector with the private sector in matters such as pensions, working time, health benefits, and unemployment benefits (Ioannou 2013, pp. 299–301).

Trade unions immediately contested the measures imposed by the EU and IMF bailout, and implemented unilaterally by the government, through industrial action, general strikes, and social mobilization (Glassner 2010, p. 20; Ioannou 2013, p. 301). The reforms were also taken to court and contested, while all institutional means for dialogue concerning public sector employment were annulled. Social dialogue in Greece prior to the crisis was not successful, and the (debt) crisis did nothing to help. The Confederation of Greek Public Servants' Unions emphasized that implementing the necessary reforms would be more easily accepted by the public if they were negotiated through social dialogue but they also note that the government seems to have shown contempt for collective bargaining and social dialogue (Ioannou 2013, p. 302).

In Germany, the crisis led to fewer and less intense public sector reforms than many other European countries. There were no wage cuts or freezes for the public sector, however wages increases in the public sector continue to lag behind those of the private sector and barely follow the increase in prices. Social benefits had already been unilaterally reduced or abolished by the government prior to the crisis, and the crisis provided an impetus to continue this policy. It especially affected civil servants as they are guaranteed a life-time job. Working time increases on the other hand had already been instituted before the crisis, and again primarily targeted civil servants before being applied to the rest of the public sector (Keller 2013, pp. 361–362).

Again, the crisis did not lead Germany to adopt any direct cuts to pensions, but there have been tendencies towards gradual adjustments aimed at bringing public sec-

tor pension conditions in line with those in the private sector. Nevertheless, unlike many European countries, the crisis was not a justification for an intensification of pension reforms for public sector workers. The crisis did not prompt a reduction in employment in the public sector either – reunification in the 1990s led to a considerable amount of reforms and the implementation of a 'lean' public sector – in fact, is has increased following 2009. However, future cuts remain possible, and would be relatively easy to implement, as temporary work contracts are more common in the public sector than in the private sector. Overall, austerity measures had little impact on the public sector following the crisis in Germany, and the fiscal consolidation measures introduced for the 2010-2014 period are not very big in relation to GDP (ibid., pp. 362–364). In fact, Germany recovered quite quickly following the crisis due to labour market measures such as short-time work and working-time accounts, and has seen, as previously mentioned, an *increase* in employment following the crisis. It is important to mention that many of the reforms and restructuring currently being enacted in Europe have happened in Germany. More recently, there have been calls for a revitalization of public sector employment especially in care for the elderly, education, and child-care where more workers are necessary (ibid., p. 369).

Like Germany, the intial impact of the crisis on France was milder than on many other EU countries due to a more protected domestic economy, and better standing public finances allowing for a large stimulus immediately following the crisis. The stimulus mainly benefited public enterprises, health and social services, defences, and 'strategic technologies' such as the automobile industry but it did not stimulate growth leading to an increase in public deficit followed by fiscal consolidation. The reforms that most affected the public sector were pensions reform, limiting staff replacement, and wage restraint. The retirement age was increased for all, and the differences between private sector and public sector wages were reduced. Public sector employees must now contribute more towards their pensions than previously, the minimum guaranteed pensions no longer differ between the public and private sectors. Early retirement is progressively being phased out. Staff remplacement has been curtailed with only one in two retired employees being replaced in both the central government, and the health sector, but this policy did not reduce expenditures to the anticipated level as less people retired than originally expected (Bordogna and Pedersini 2013, pp. 332–333).

When it comes to wages, the index used to adjust them was frozen during the 2010–2011 period; basic wage increases remained unaffected for the lowest paid. This did not prevent other manner to achieve wage increases through career advancement or through departmental budget increases however. The general level of employment in the public sector was stable between 2007 and 2010 though the central government saw reductions while the health sector and local authorities saw an increase. It is also worth noting that the amount of public sector workers on non-standard employment contracts increased by nearly 8% during the same period. In March of 2011, the government and the main trade unions in France signed an agreement leading to the regularization of those on temporary contracts as well as instating stricter conditions authorizing the use of temporary contracts in the public sector. Public expenditure, apart from 2011, on the public sector has not been reduced, and in fact there seems to be an upward trend in spending (Bordogna and Pedersini 2013, p. 333). Under the Sarkozy government, cuts in spending were applied to the public administration in an attempt to make it more efficient. However, Hollande has since reversed the trend and increased public spending in order to increase both wages and employment in public administration in order to improve public services. The Hollande government has also adopted a new stance towards the public sector seeking to reestablish the state's position as a 'model employer' (ibid., p. 336).

The austerity measures in Denmark that most affected the public sector exclusively were the budget cuts especially for municipalities. Other measures such as reducing the the maximum unemployment duration or increasing retirement were applied to *all* sectors of the economy. In 2011, the public sector collective bargaining round only produced modest results – a pay freeze in 2011, and a limited increase in 2012 – especially as it was expected that there would be lay-offs. Changes in wages were expected as in Denmark there is a mechanism that ties the wages in the public sector to the state of those in the private sector, though the adjustments occurs with a time lag. Unions demands for increased job security in exchange for reduced wages were not heeded by the government even though they were accepted by private sector employers in a bargaining round that took place in 2010 (Hansen and Mailand 2013, p. 380)

Towards the end of the bargaining round, municipal employers proposed a fund, financed by surplus pension funds, to help train dismissed workers as a from of 'com-

pensation' for rejecting union demands. The unions did succeed in preventing public sector employers from instituting other harmful measures such as moving wage negotiation down to the local level, increased working time, and a shift to individual rather than collective bargaining at the local level. However, it is possible that these victories are only temporary and employers may once again propose the same reforms at a later collective bargaining round. Either way, the were no major losses for unions in wages, working conditions, or any other qualitative aspects of pubic sector employment. The situation did not improve during the 2013 bargaining round as national level public employers adopted a tougher stance and once again attempted to move working time away from collective bargaining to unilateral regulation as well as removing the wage regulation mechanism, linking public sector pay to that in the private sector, in order achieve reductions (ibid., p. 381).

Compared to the other Nordic countries, Denmark was harder hit by the crisis and took the longest to recover. Norway was almost not affected (unemployment hit a peak of 3.6% following the crisis) but even so there were tensions within the public sector. Unions were pushing for salary increase for work-groups mainly composed of women which many public sector employees said would be unjustified. During the collective bargaining round in 2010, municipalities and unions (except Oslo) could not reach an agreement leading to a two week strike. Following the strike municipal employers agreed to a salary increase. A similar course of events occurred in the health sector concerning the salaries of nurses (ibid., p. 383–384).

In Finland, the situation in the public sector was far less contentious. Unions and public employers agreed to modest salary increases (around 1 to 2%) as well as a 24 month period of job protection for employees wishing to reduce their responsibilities i.e. their pay (ibid., p. 384). In Sweden, many public sector reforms were already instituted in the 1990s aimed at moving workers from the public to the private sector and adopting changes in the private sector as benchmarks for negotiations in the public sector. The 2010 collective bargaining rounds focused on wage restraint, leading to a real wage increase of around 1% as well as the removal of individual wage increase guarantees for all state and regional, but not for some municipal, employees. The 2012 bargaining round followed the norm of wage restraint and brought modest increases (2.6% to 4.2%) for sectors such as education, the police force, and white-collar state employees

(Hansen and Mailand 2013, p. 385).

Generally, the crisis led to severe cutbacks in the public sector, even in countries that had already reformed it in the 1990s such as Germany or Sweden. Despite stronger presence than in the private sector, unions were unable to prevent the unilateral application of austerity measures even in countries such as Denmark where collective bargaining and unions remain an integral part of industrial relations.

3. Challenges Facing Trade Unions

Following the Second World War, Industrial Relations entered a so-called ‘Golden Age’ in advanced industrial societies. This period is characterized by a mutually accepted compromise between capital and labour. Capital accepted to share increases in productivity while labour accepted the Fordist model of production. However, this configuration of labour relations rather than being the norm was actually the exception. Since the 1970s, many transformations and events in the domains of work, economy, and politics have posed numerous challenges for labour and the trade union movement (Baccaro et al. 2010, p. 342). Baccaro et al. (2010), and Gumbrell-McCormick and Hyman (2013) give a good overview of the challenges facing trade unions today.

Solidarity, Diversity, and Renewal

One of the issues they identify is that solidarity is no longer a given characteristic of the trade union movement. Most trade unions were built at a time where ‘normal’ employment dominated, in other words when the majority of workers held full-time jobs on, more often than not, permanent contracts. Trade unions were also associated with domains of work where a collective withdrawal of the workforce could have a large impact – mainly in manual industrial jobs. It was also considered that unions represented ‘a general working-class interest’ despite the fact that their membership rarely included women, insecure, or transitory workers (ibid., pp. 32–33).

However, this is no longer the case; employers’ demands for a more ‘flexible’ workforce, and high unemployment have brought about many forms of ‘atypical’ employment, and traditional, ‘secure’ employment is no longer as common. Manual workers, the core constituency of traditional trade unions, are now outnumbered by white-collar workers, and women constitute a larger part of the workforce than ever before (especially in part-time work). Recruiting ‘atypical’ workers is more difficult as they do not have a strong attachment to the workplace, and they may consider that joining a union is of no real benefit to them (Schnabel 2013, p. 260). Younger workers are also less likely to join unions as they may perceive them as being primarily oriented towards older workers and because they do not feel that they meet their needs (ibid., p. 262).

In order to remain relevant, unions adapt to the changes that have occurred but it

requires a balancing-act. On the one hand, if they continue to affirm only the interests of their core membership – full-time male employees – it becomes harder to recruit new members. On the other, if they expand to include more categories of workers than their core membership, this may lead to conflicts of interest and make unified action difficult. Additionally, society has changed making it harder to organize unions due to the weakening of the work–community link traditionally associated with the working-class. As workers are less homogenous than ever, it becomes harder to organize an institution that represents an increasingly diverse workforce and interests (Gumbrell-McCormick and Hyman 2013, p. 34). Unions also have trouble convincing highly-qualified occupational groups to join them. In many cases, theses individuals prefer to represent themselves and are unlikely to organize collectively (Gumbrell-McCormick and Hyman 2013, p. 37; Baccaro et al. 2010, p. 350). Highly-qualified individuals aim to 'defend their individual competitive advantage and become "entrepreneurs of *themselves*"' (Baccaro et al. 2010, p. 350).

The structural shift from the manufacturing sector as the primary economic sector to private services, and the changes this entails at the workplace level, such as a reduction in firm size, are also considered to play a considerable role in union decline. It is considered that larger workplaces make it less costly for unions to organize, and that workers in larger workplaces are more likely to be treated impersonally, and therefore feel a greater need for representation (Schnabel 2013, p. 259). However, the public sector, structurally, is quite similar to the manufacturing industry of the 'Golden Age.' It is composed of 'large homogenous organizations with low turnover rates and low employer hostility towards unionism' (ibid., p. 259). Nevertheless, the public sector has not permitted unions to reverse the decline in membership, and cut-backs in the public sector, now a bigger threat than ever following the crisis and the adoption of austerity measures, could lead to further union decline.

In terms of power, the changing composition of the labour force, and the consistent decline in union density has a negative effect on unions' power ressources. Organizational power focuses on mobilizing and putting to use its membership or 'cultivating and synthesizing the "social capital" of the members so that they identify themselves as part of the collectivity and support its purposes and policies' (Gumbrell-McCormick and Hyman 2013, p. 30). The increasing diversity of workers within unions, and their

interests, makes establishing, and maintaining, this form of power more difficult than ever before. Decreasing union density has an important effect on associational power, but also on the financial resources of trade unions.

Globalization and Neoliberalism

Unions were formed in a period when industrial relations systems were, fundamentally grounded in national contexts, and when states were highly involved in systematic economic planning. Many key public services were nationalized, and certain countries, such as France or Italy, even nationalized banks and key manufacturing industries. Governments also took it upon themselves to institute and expand social welfare. This created a fertile ground for institutionalized industrial relations, and permitted unions to bargain at the national level where, in exchange for a fair part of economic prosperity, they would refrain from exploiting their labour market position (ibid., p. 35–36). However, many events brought this form of industrial relations into question.

The system collapsed when it appeared that domestic markets would be too limiting for economic growth thus necessitating further expansion into the world market. As such, companies are faced with a higher volatility meaning that wages and employment have to adjust quicker than previously. The rise of financialization, has further amplified the divorce between labour and management especially visible through the huge disparities in remuneration between managers and workers (Baccaro et al. 2010, p. 349).

Following the crisis of the 1970s, Keynesian economic policies were abandoned in favour of 'neoliberal' reforms. The reforms marked a move away from an 'organized' political economy to a more 'disorganized' and flexible one through trade and financial liberalization, fiscal discipline through expenditure cuts – the fundamental premise of the austerity measures established following the crisis, and structural transformations aimed at sustaining this new economic model (Baccaro and Howell 2011, p. 526). Among the transformations is institutional deregulation – eliminating legal or contractual obligations that hamper capital – which has led to a decentralization in employment relations. Decentralization is characterized by a shift from higher-levels of collective bargaining to lower ones such as the company level, the individual level, or even the abandonment of collective bargaining altogether in favour of unilateral employer

action. Labour market actors also participate in this decentralization by reducing unemployment benefits, and other social protections for the jobless in order to guarantee the 'free meeting of supply and demand' (Baccaro and Howell 2011, p. 527). One result of institutional deregulation is the disappearance of national collective agreements. Countries adhering to the social-democratic model seem to be exceptions (Baccaro et al. 2010, p. 350). Nevertheless, as we have seen previously, Denmark, which has traditionally adhered to the social-democratic model, national level bargaining and collective agreements are under constant threat from employers, especially those in the public sector following the crisis.

Globalization, a corollary of neoliberal reforms, puts unions in a difficult position for many reasons. Multi-national corporations are no longer tied to the rules of national labour markets. They are now able to move production elsewhere if they feel that the labour conditions in a certain country are not favourable to them, and deregulation has facilitated this. As production factors are now increasingly more mobile than before, this significantly reduces the bargaining power of unions (ibid., p. 343). This mobility lets employers bypass the structural power unions and workers previously held thus leading to concession bargaining and even the reversal of previous union gains (Gumbrell-McCormick and Hyman 2013, p. 35).

Rebuilding Trade Unions

The question of conceptualizing trade union power is in itself a complex one. There is debate on which dimensions accurately permit the measurement of trade unions' power ressources. Nevertheless, it is clear that unions are not nearly as powerful as they once were (ibid., pp. 29–30). Gumbrell-McCormick and Hyman (ibid.) list four main types of power: structural, associational, organizational, and institutional, as well as three 'complementary' forms: discursive or communicative, collaborative, and strategic.

Structural power is most related to workers that have a specific skill set that cannot be easily replaced or that occupy a particular position in the production process where disruption would cause serious setbacks for employers. Thus unions composed of such workers would have more power in negotiations with employers. Associational power primarily concerns membership or density. The simple fact that a union represents a large number of individuals, as well as the financial resources a large member-

ship provides, give them a certain amount of power. Union decline is most associated with this form of power as density has be decreasing steadily since the 1970s, and it continues to do so.

Another form of power, organizational power, while linked to associational power is quite different. While associational power increases mechanically with trade union density, organizational power is more concerned with mobilizing and putting to use its membership or 'cultivating and synthesizing the "social capital" of the members so that they identify themselves as part of the collectivity and support its purposes and policies' (ibid., p. 30). The increasing diversity of workers within unions makes establishing, and maintaining, this form of power more difficult than ever before. Finally, there is institutional power. Institutional supports such as legislation, employer solidarity, the administration of social welfare, the support of a political party, or a presence in peak-level tripartite social dialogue can all contribute to reinforcing the power of trade unions. Institutional power itself is quite often the result of unions exercising their other forms of power, but it can also compensate for decreases in other forms of power. However, on over-reliance on institutional power can be dangerous especially if unions neglect to maintain their other power resources especially as it can produce complacency, and stifle renewal and recruiting (Hassel 2007, p. 181).

The institutional power of unions is consistently under threat. During the Fordist Golden Age, unions benefitted from a high amount of political support from Social-Democrat parties who were in power for much of this period. However, institutional support for unions disappeared with the arrival of more right-wing parties. Support from more left-wing parties when they happen to be in power is also not a given. Many of them have adopted neoliberal agendas putting them at odds with trade unions (Baccaro et al. 2010, p. 352; Gumbrell-McCormick and Hyman 2013, p. 138). The crisis has further questioned the institutional power of unions especially when we consider that a large amount of public sector (the sector where unions remain strongest) reforms brought about by the current crisis were implemented despite unions' protests, and even led to the collapse of social partnership in Ireland.

Outside of these main forms of power, it is also necessary to take into account more complementary forms such as discursive or communicative power that represents unions' capacity to present societal change with a convincing vocabulary. An-

other increasingly important complementary power resource collaborative, or coalitional, power which depends on the alliances unions can establish with other organizations. As unions can no longer necessarily depend on their own power ressources to achieve their goals, it becomes necessary for them to cooperate with other organizations that have similar interests. Strategic power refers to the efficient use of the resources unions already possess, and in today's case where unions are considerably less powerful, and have far less resources than in the past, a strategic use of both is essential.

4. An Empirical Analysis of the Effects of the Crisis on Trade Unions in Europe

4.1. Methodology

To analyze the effect of the 2008 crisis, or 'Great Recession' on unions I will compare data on trade union membership taken from four waves of the European Social Survey (2006, 2008, 2010, 2012 [the data for France for the 2012 edition were not available at the time of writing]). I will concentrate on seven countries: Denmark, France, Germany, Ireland, Sweden, Switzerland, and the United Kingdom. These countries were chosen as they represent different different models of economic organization, and industrial relations. The population studied will be all individuals aged between 15 and 65 whether employed or unemployed.

Both Denmark and Sweden can be viewed as being part of the Nordic model characterized by strong unions, and employers' organizations. The relative strength of both employers' and unions encouraged 'conflict containment' and the regulation of employment conditions through 'voluntary' means such as collective bargaining (Gumbrell-McCormick and Hyman 2013, pp. 8–9). However, they did not experience the crisis in the same manner which makes it important to include them both. The same goes for Ireland and the UK (both considered to be liberal market economies (LMEs)), with Ireland being affected much more than the UK. Additionally, they differ(ed) significantly in their industrial relations systems, with Ireland having instituted a tripartite 'social partnership' thereby involving unions in establishing policies. France can be viewed as corresponding to the 'Southern' model for industrial relations (ibid., p. 20), and Germany and Switzerland are considered to be coordinated market economies (CMEs). CMEs, especially Germany, are characterized by 'social partnership' or highly institutionalized relationships between unions and employers which are, in many cases, stipulated by law. Employment conditions are regulated by collective agreements, which are quite often sectoral (ibid., pp. 13–15).

A binary logistic regression model will be used to measure the effect of the crisis on the odds of an individual being part of trade union compared to not being a member. The regressions will include the following control variables: age, level of education (based

on a 5-level ISCED with levels 0 and 1, and levels 5 and 6 being merged), type of work contract, establishment size, and gender as they are known to influence trade union membership as seen in section 3. The 2010 edition of the survey also included a rotating module on work, family and well-being with questions concerning job security, position changes, pay reductions, and working-time reductions. Using the same control variables as the previous regression, and using trade union membership as the main independent variable, I will analyze the differences between trade union members, and non-members in how they perceive their job security.

4.2. Changes in the Odds of Trade Union Membership

Union membership has been consistently declining in almost all European countries since the 1960s (Schnabel 2013, p. 257). This means that an individual taken at random from a population would be less likely to be a member of a union. It is therefore probable that over time, the odds of union membership would naturally decline.

Nevertheless, it is possible to think that union membership, and thus the odds of union membership, could rise following the crisis as workers would be pressed to join unions in the belief that it would help them protect their jobs. We can also hypothesize that union members who lost their jobs would be more likely to leave the union than stay a member thus leading to a decrease in membership. However, the individuals most likely to lose their jobs, young workers on temporary contracts, are also much less likely to be unionized.

To compare the odds of a survey respondent being part of a trade union at the time of questioning (compared to being a non-member) between the waves, I will only look at the intercept which represents the ‘reference individual’ controlling for age, level of education, type of work contract, gender, and establishment size, and employment (determined by question the respondents main activity in the 7 days prior to answering the questionnaire). Our reference individual is an employed male, with an unlimited work contract, with completed upper secondary education (ISCED 3), working in an establishment of more than 500 workers, and between 25 and 54 years of age.

Table 1: Reference Level of Probability of Trade Union Membership
(Odds ratio in parentheses)

Country	2006	2008	2010	2012
Germany	0.412 (0.701)	0.423 (0.733)	0.349 (0.536)***	0.311 (0.452)***
Switzerland	0.132 (0.152)***	0.279 (0.387)**	0.221 (0.284)***	0.123 (0.140)***
UK	0.340 (0.515)*	0.462 (0.858)	0.282 (0.393)***	0.352 (0.544)*
Sweden	0.820 (4.552)***	0.779 (3.520)***	0.837 (5.127)***	0.803 (4.075)***
Denmark	0.870 (6.705)***	0.928 (12.903)***	0.933 (13.906)***	0.812 (4.327)***
France	0.224 (0.289)***	0.126 (0.144)***	0.134 (0.155)***	———
Ireland	0.529 (1.122)	0.262 (0.355)***	0.553 (1.237)	0.469 (0.883)

p-value: 0 < *** < 0.001 < ** < 0.01 < * < 0.05

For our reference individual in Germany, the odds of trade union membership are not statistically significant meaning that they would just as likely to be a non-member. This was also the case in 2008. While the results are not significant, there does seem to a trend towards an increase in 2008, followed by a decline leading to a lower probability of trade union membership. The trend seems to suggest that the crisis encouraged individuals with this profile to join unions possibly corroborating the hypothesis that possible job insecurity brought about by the crisis could be reduced by joining a union however as the coefficients are not statistically are not significant we cannot say anything for certain. In 2010 and 2012, the probability of trade union membership was lower than in 2006, and that of 2012 was lower than that of 2010.

Switzerland is similar to Germany in that the odds of membership increased following the crisis. However, they already declined in 2010 and by 2012 they were *lower* than they were in 2006. This suggests that individuals with the profile of our reference category began to leave unions immediately following the crisis. This isn't very surprising considering that employment in Switzerland was relatively unaffected by the crisis (see Table 4).

In the United Kingdom, probability of trade union membership was relatively low. However it increase in 2008 to the point where the non-membership is just as likely as membership, but in 2010, the probability of membership had already dropped below that of 2006. Interestingly enough, the probability increased again in 2012 to reach approximately the same level as 2006 possibly suggesting that individuals that had left previously were rejoining.

In Sweden, the odds of trade union *decreased* in 2008, but then increased in 2010,

Table 2: Odds Ratios of Trade Union Membership (Reference Year is 2006)

Country	2008	2010	2012
Germany	1.178	0.992	0.996
Switzerland	0.728*	0.746*	0.646**
UK	0.932	0.820	0.819
Sweden	0.692**	0.759*	0.575***
Denmark	1.072	1.032	1.099
France	1.013	0.968	———
Ireland	0.484***	0.837	0.763*

p-value: 0 < *** < 0.001 < ** < 0.01 < * < 0.05

before dropping again in 2012. The odds prior to the crisis were already high, which fits considering Sweden has relatively high union density (Gumbrell-McCormick and Hyman 2013, p. 3). The fact that it increased following 2010 suggests that the effects of the crisis were not fully felt until later. Denmark saw a sharp increase in the odds of trade union membership in 2008 suggesting the crisis did incite individuals to join unions. However, the odds have declined since then, and in 2012, the odds of union membership were lower than prior to the crisis.

In France, the probability of trade union membership dropped in 2008. However, in 2010, the probability was slightly higher than in 2008 suggesting either that union membership hit a floor level, or that Finally, Ireland seems to be a peculiar case. The probability of trade union membership dropped substantially in 2008 compared to 2006. It then reached a similar level to 2006 in 2010, and dropped slightly in 2012. However, other than in 2008, the odds of trade union membership are not statistically significant meaning that individuals in our reference group were just as likely to not be union members.

To summarize, there seems to have been a trend of individuals joining unions immediately following the crisis except in France, Sweden, and Ireland. In 2010 the probability of trade union membership decreased in all countries except the three previously mentioned. However, in 2012, in the UK the probability of union membership increased possibly as a consequence of the arrival of the Conservative-Liberal Democrat coalition in the UK.

However, to really determine if the crisis had any effect on the odds, and probability of union membership, it is necessary to pool the data of all four (or in the case of France three) rounds of the ESS survey, and compare the odds of trade union membership

to a reference year, in this case 2006. Looking at Germany, we can see that the odds of trade union membership for all years, when compared to the odds for 2006, are not statistically different. This suggests that the changes in trade union membership probability seen in Table 1 are not necessarily due to the crisis. There is however an indication that the odds of union membership were higher in 2008 than in 2006 as previously seen. In Switzerland, the odds of trade union membership actually *lower* in 2008 than in 2006 which is interesting to see as the probability of trade union membership doubled in 2008. This would mean that the increase was not necessarily the result of the crisis at all.

It's the same story with the UK with the odds of membership being roughly the same as those of 2006 despite the fact that the probability of trade union membership increased in 2008. In Sweden, individuals from our reference group were less likely to be union members for all years, despite the probability of trade union membership being very high (around 80%) and suggests that the crisis had a *negative* impact on the odds of trade union membership. In Denmark, compared to 2006, individuals from our reference group were no more, or no less likely to join a union in subsequent years, though there does seem to be a slight tendency towards an increase, which seems to correspond to the probabilities in Table 1.

In France, the odds of trade union membership are not significantly different in 2008 or 2010 from those in 2006 which is not very surprising. As for Ireland, the odds of subsequent years follow the same trend as the probabilities calculated previously: a sharp decrease in 2008 followed by odds of trade union membership roughly similar to those in 2006. To conclude, it seems that Table 1 indicates that in many cases the crisis could have had the effect of increasing the odds of trade union membership. However, the pooled data of Table 2 suggests a continued decline in the odds of trade union membership for almost all countries, except Denmark, and possibly Germany, when compared to the odds of 2006, even though the differences are not always statistically significant.

4.3. Union Membership and Job Security

The European Social Survey in 2010, included a 'Work, Family, and Wellbeing' module asking detailed questions on work, including job security. Looking at the effects

of trade union membership on perceived job (in)security, is an interesting way to ascertain whether or not union members feel that unions are powerful enough to protect their jobs. Perceived job security, the dependent variable, was recoded into a binary variable – i.e. job is insecure, and job is secure – from the initial four categories, not at all secure, a little secure, quite secure, and very secure. I will include an additional control variable which is the respondent's perception of how much union presence at the workplace affects employers' decisions about work conditions (with the reference being no trade union presence at the workplace).

Table 3: Odds Ratio of Feeling Job is Secure of Trade Union Members

Country	Odds Ratio	Reference Odds Ratio	Reference Probability
Germany	1.841**	2.164**	0.684
Switzerland	1.123	4.264**	0.810
UK	1.181	2.860***	0.741
Sweden	0.884	3.865	0.794
Denmark	0.647	6.189**	0.861
France	1.123	1.351	0.575
Ireland	1.333	1.081	0.519

p-value: 0 < *** < 0.001 < ** < 0.01 < * < 0.05

The reference odds ratio refers to, all else being equal – i.e. for all individuals corresponding to the reference profile established in subsection 4.2, except now all are employed, and for equal levels of trade union influence at the workplace – the ratio of the probability of feeling that their job is secure and of the probability of feeling the their job is not secure. The reference probability column is the probability an individual, all else being equal, would feel their job is secure. We can see that in five out of the seven countries, individuals are more than twice as likely to feel that their job is secure. Sweden's reference odds are not statistically significant due to a very small proportion of individuals in the sample (16 out of 663) reporting no trade union presence in the workplace.

When looking at the odds ratios, in all countries, except Germany, the odds that a trade union member would feel their job is secure are not significantly different from the odds a non-member would feel their job is secure. Nevertheless, trade union members were nearly twice as likely to feel that their job was secure while in Ireland they were almost 30% more likely to feel their job was secure, though the odds ratio is not statistically significant. Sweden and Denmark are not statistically significant – indeed they

seem to show that unionized workers are less likely to feel their job is secure, however this is due to the fact that in the sample, very few workers are that *not* union members. Nevertheless, it is slightly worrying that union workers are not any more likely to feel that their job is secure especially in France and Ireland where our reference group of workers are just as likely to feel their job is secure as they are to feel that their job is insecure. This could possibly suggest that trade unions are not strong enough to give their members as sense of security in workplace where they have no influence, or simply – and this seems case in all of our countries except France, and Ireland – job insecurity is not really an issue requiring trade union intervention.

5. Conclusion

The 2008 Financial Crisis had devastating results for workers, countries, and economies world-wide. While it was banks, lax financial regulation, growing inequality and debt, and deregulation that led to the crisis, it was workers, and citizens that suffered. Be it through the government bailouts that prompted the enactment austerity measures such as reduced social spending and the reductions in welfare, or increases in unemployment, it was not the individuals or the institutions that caused the crisis that suffered the effects of the aftermath. There were some efforts on the part of governments to come up with schemes to prevent a sharp increase in unemployment initially such as short-time work in Germany or general economic stimulus funds, but in many cases the measures were not aimed at protecting the most vulnerable workers.

It could be viewed that such events would give the labour movement, especially trade unions, an impetus and an opportunity for revitalization. After all, the trade union movement was one of the first to suffer precisely from the same mechanisms and reforms that led to the crisis. However, the trade union movement itself has many difficulties to contend with. Dwindling membership, difficulty recruiting younger workers, unfavourable institutional contexts, and a difficulty adapting to a changing workforce are all issues trade unions have to contend with; the 2008 crisis only adds to the difficulties. Austerity was also a big blow to unions and proved how little power they can exert over economic policy. The public sector, a trade union stronghold, came under attack from governments in an effort to reduce their debt following bailouts. However, austerity also caused rifts within trade unions themselves, as private sector workers were less intent on unions defending public sector workers as they usually had better working conditions. Nevertheless, despite protests and industrial acton by trade unions, governments often went ahead and threatened, or even implemented, unilateral reforms when confronted with an impasse in talks or negotiations. Among those were hiring and wage freezes, dismissals, and pension reforms for the public sector. This resulted in concession bargaining on the part of unions in an attempt to minimize losses, but also to, in the case of Ireland, the collapse of the tripartite social partnership. One exception was France, where François Holland announced his intentions to commit to establishing the state as a ‘model employer.’

When looking at membership, the crisis did initially cause an increase in the odds of membership in Switzerland and Denmark, and seemed to have possibly done the same in Germany, and the UK. However, it did not last and, except for the UK, odds of trade union membership are *lower* than they were prior to the crisis suggesting that unions were not able to retain new members, and that the crisis only temporarily interrupted the preexisting trend of membership decline. Nevertheless, there do seem to be some indications of a possibility for future increases in the UK and in Ireland in the future.

However, looking at the pooled data, their instead seems to be a trend towards a decrease in union membership over time for almost all countries except Denmark and Germany when compared to 2006. The relative weakness of unions also shows through the perceptions of job security. Only in Germany was it more likely that union members would consider their job to be very secure.

The crisis therefore was not an opportunity for the trade union movement, but rather another setback that has justified attacks on employment and workers, even from governments. The crisis represents another blow to the trade union movement in Europe, and it seems increasingly unlikely that unions will be able to reverse the tide of decline especially as the crisis has led to the creation of a more hostile environment in which trade unions will have to function.

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A. OECD Unemployment Statistics

Table 4: OECD unemployment rates (as a percentage of labour force)

	2005	2006	2007	2008	2009	2010	2011	2012
Australia	5.1%	4.9%	4.5%	4.3%	5.7%	5.3%	5.2%	5.4%
Austria	5.2%	4.8%	4.5%	3.9%	4.8%	4.5%	4.2%	4.4%
Belgium	8.5%	8.3%	7.5%	7.0%	8.0%	8.4%	7.2%	7.6%
Canada	6.8%	6.4%	6.1%	6.2%	8.4%	8.1%	7.5%	7.3%
Chile	8.3%	7.9%	7.4%	8.0%	10.0%	8.4%	7.4%	6.7%
Czech Republic	8.0%	7.2%	5.4%	4.4%	6.8%	7.4%	6.8%	7.0%
Denmark	4.9%	4.0%	3.8%	3.5%	6.1%	7.6%	7.7%	7.7%
Estonia	8.1%	6.0%	4.8%	5.6%	14.0%	17.2%	12.7%	10.3%
Finland	8.4%	7.7%	6.9%	6.4%	8.4%	8.5%	7.9%	7.8%
France	8.9%	8.9%	8.0%	7.4%	9.2%	9.4%	9.3%	9.9%
Germany	11.3%	10.4%	8.7%	7.6%	7.8%	7.2%	6.0%	5.5%
Greece	10.0%	9.0%	8.4%	7.8%	9.6%	12.7%	17.9%	24.5%
Hungary	7.2%	7.5%	7.4%	7.9%	10.1%	11.2%	11.0%	11.0%
Iceland	2.7%	3.0%	2.3%	3.0%	7.4%	7.7%	7.2%	6.2%
Ireland	4.8%	4.7%	4.9%	5.9%	12.5%	14.1%	14.9%	15.3%
Israel	9.2%	8.5%	7.4%	6.2%	7.7%	6.8%	5.7%	7.0%
Italy	7.8%	6.9%	6.2%	6.8%	7.9%	8.5%	8.5%	10.8%
Japan	4.6%	4.3%	4.1%	4.2%	5.3%	5.3%	4.8%	4.6%
Korea	3.9%	3.6%	3.4%	3.3%	3.8%	3.8%	3.5%	3.3%
Luxembourg	4.5%	4.7%	4.1%	5.1%	5.2%	4.4%	4.9%	5.2%
Mexico	3.6%	3.3%	3.5%	3.6%	5.4%	5.4%	5.4%	5.0%
Netherlands	3.6%	3.3%	3.5%	3.6%	5.4%	5.4%	5.4%	5.0%
New Zealand	3.9%	3.9%	3.8%	4.3%	6.3%	6.7%	6.7%	7.2%
Norway	4.7%	3.5%	2.6%	2.6%	3.2%	3.7%	3.3%	3.3%
Poland	18.0%	14.0%	9.7%	7.2%	8.3%	9.7%	9.8%	10.2%
Portugal	8.1%	8.1%	8.5%	8.1%	10.0%	11.4%	13.4%	16.4%
Slovak Republic	16.2%	13.3%	11.0%	9.6%	12.1%	14.4%	13.6%	14.0%
Slovenia	6.7%	6.1%	5.0%	4.5%	6.0%	7.4%	8.3%	9.0%
Spain	9.2%	8.6%	8.3%	11.4%	18.1%	20.2%	21.8%	25.2%
Sweden	7.8%	7.1%	6.2%	6.3%	8.5%	8.7%	7.9%	8.1%
Switzerland	4.5%	4.1%	3.7%	3.4%	4.2%	4.6%	4.1%	4.3%
Turkey	10.9%	10.5%	10.5%	11.2%	14.3%	12.1%	10.0%	9.4%
United Kingdom	4.7%	5.5%	5.3%	5.4%	7.8%	7.9%	8.0%	8.1%
United States	5.1%	4.7%	4.7%	5.8%	9.4%	9.8%	9.1%	8.2%
OECD–Total	6.8%	6.2%	5.8%	6.1%	8.3%	8.5%	8.2%	8.2%

Source: OECD (2013)

Table 5: OECD youth unemployment rates (as a percentage of youth labour force – 15-24)

	2005	2006	2007	2008	2009	2010	2011	2012
Australia	10.6%	10.0%	9.4%	8.8%	11.5%	11.5%	11.3%	11.7%
Austira	10.3%	9.1%	8.7%	8.1%	10.0%	8.8%	8.3%	8.7%
Belgium	21.5%	20.5%	18.8%	18.0%	21.9%	22.4%	18.7%	19.8%
Canada	12.4%	11.7%	11.2%	11.6%	15.2%	14.8%	14.2%	14.3%
Chile	19.7%	18.3%	17.8%	19.7%	22.6%	18.6%	17.5%	16.3%
Czech Republic	19.3%	17.5%	10.7%	9.9%	16.6%	18.3%	18.0%	19.5%
Denmark	8.6%	7.7%	7.5%	8.0%	11.8%	14.0%	14.2%	14.1%
Estonia	15.3%	11.8%	9.8%	11.7%	26.8%	32.0%	21.6%	19.9%
Finland	18.9%	17.6%	15.7%	15.7%	21.6%	20.3%	18.9%	17.8%
France	20.6%	21.6%	19.1%	18.6%	23.2%	22.8%	22.0%	23.8%
Germany	15.2%	13.6%	11.7%	10.4%	11.0%	9.7%	8.5%	8.1%
Greece	26.0%	25.2%	22.9%	22.1%	25.8%	32.9%	44.4%	55.3%
Hungary	19.4%	19.1%	18.0%	19.9%	26.5%	26.6%	26.1%	28.1%
Iceland	7.2%	8.4%	7.2%	8.2%	16.0%	16.2%	14.6%	13.6%
Ireland	9.8%	9.9%	10.3%	12.4%	25.5%	28.3%	29.9%	33.0%
Israel	17.8%	18.2%	16.1%	12.6%	14.6%	13.7%	11.6%	12.1%
Italy	24.0%	21.6%	20.3%	21.3%	25.4%	27.9%	29.1%	35.3%
Japan	8.6%	8.0%	7.7%	7.2%	9.1%	9.2%	8.0%	7.9%
Korea	10.2%	10.0%	8.8%	9.3%	9.8%	9.8%	9.6%	9.0%
Luxembourg	13.7%	16.2%	15.2%	17.9%	17.2%	14.2%	16.8%	18.8%
Mexico	6.6%	6.2%	6.7%	7.0%	10.0%	9.4%	9.8%	9.4%
Netherlands	9.4%	7.5%	7.0%	6.4%	7.7%	8.7%	7.7%	9.5%
New Zealand	9.7%	10.0%	10.1%	11.4%	16.6%	17.1%	17.3%	17.7%
Norway	12.0%	8.6%	7.3%	7.5%	9.2%	9.3%	8.6%	8.6%
Poland	37.8%	29.8%	21.7%	17.3%	20.7%	23.7%	25.8%	26.5%
Portugal	16.1%	16.2%	16.6%	16.4%	20.0%	22.3%	30.1%	37.7%
Slovak Republic	29.9%	26.6%	20.1%	18.8%	27.3%	33.6%	33.2%	34.0%
Slovenia	15.9%	13.9%	10.1%	10.4%	13.6%	14.7%	15.7%	20.6%
Spain	19.7%	17.9%	18.2%	24.6%	37.9%	41.6%	46.4%	53.2%
Sweden	22.0%	21.1%	19.2%	20.2%	24.9%	24.8%	22.8%	23.7%
Switzerland	8.8%	7.7%	7.1%	7.0%	8.4%	7.8%	7.7%	8.4%
Turkey	19.9%	19.1%	20.0%	20.5%	25.3%	21.7%	18.4%	17.5%
United Kingdom	12.2%	13.8%	14.2%	14.1%	19.0%	19.3%	20.0%	21.0%
United States	11.3%	10.5%	10.5%	12.8%	17.6%	18.4%	17.3%	16.2%
OECD–Total	13.4%	12.6%	12.0%	12.7%	16.7%	16.7%	16.2%	16.3%

Source: OECD (2013)

Table 6: OECD long-term unemployment rates (as a percentage of total unemployment)

	2005	2006	2007	2008	2009	2010	2011	2012
Australia	18.3%	18.1%	15.4%	14.9%	14.7%	18.5%	18.9%	20.3%
Austria	25.3%	27.3%	26.8%	24.2%	21.3%	25.2%	25.9%	24.8%
Belgium	51.7%	51.2%	50.4%	47.6%	44.2%	48.8%	48.3%	44.7%
Canada	9.6%	8.7%	7.4%	7.1%	7.8%	12.0%	13.5%	12.5%
Chile	———	———	———	———	———	———	———	———
Czech Republic	53.6%	55.2%	53.4%	50.2%	31.2%	43.3%	41.6%	43.4%
Denmark	23.4%	20.8%	16.1%	13.5%	9.5%	20.2%	24.4%	28.0%
Estonia	53.4%	48.2%	49.5	30.9%	27.4%	45.4%	56.8%	54.1%
Finland	24.9%	24.8%	23.0%	18.2%	16.6%	23.6%	22.6%	21.7%
France	41.1%	41.9	40.2%	37.4%	35.2%	40.2%	41.4%	40.3%
Germany	53.0%	56.4%	56.6%	52.5%	45.5	47.4%	48.0%	45.5%
Greece	52.1%	54.3%	50.0%	47.5%	40.8%	45.0%	49.6	59.3%
Hungary	46.1%	46.1%	47.5%	47.6%	42.6%	50.6%	49.1%	46.3%
Iceland	13.3%	7.3%	8.0%	4.1%	6.9%	21.3%	27.8%	27.9%
Ireland	33.4%	31.6%	29.5%	27.1%	29.2%	49.1%	59.3%	61.7%
Israel	25.3%	27.3%	24.9%	22.7%	20.3%	22.4%	20.2%	13.3%
Italy	49.9%	49.6%	47.3%	35.7%	44.4%	48.5%	51.9%	53.0%
Japan	33.3%	33.0%	32.0%	33.3%	28.5%	37.6%	39.4%	38.5%
Korea	0.8%	1.1%	0.6%	2.7%	0.5%	0.3%	0.4%	0.3%
Luxembourg	26.4%	29.5%	28.7%	32.4%	23.1%	29.3%	28.8%	30.3%
Mexico	2.3%	2.5%	2.7%	1.7%	1.9%	2.4%	2.0%	1.9%
Netherlands	40.2%	43.0%	39.4%	34.4%	24.8%	27.6%	33.6%	33.7%
New Zealand	9.7%	7.8%	6.1%	4.4%	6.3%	9.0%	9.0%	13.2%
Norway	9.5%	14.5%	8.8%	6.0%	7.7%	9.5%	11.6%	8.7%
Poland	52.2%	50.4%	45.9%	29.0%	25.2%	25.5%	31.6%	34.8%
Portugal	48.2%	50.2%	47.1%	47.4%	44.1%	52.3%	48.2%	48.7%
Slovak Republic	68.1%	73.1%	70.8%	66.0%	50.9%	59.3%	63.9%	63.7%
Slovenia	47.3%	49.3%	45.7%	42.2%	30.1%	43.3%	44.2%	47.9%
Spain	24.5%	21.7%	20.4%	17.9%	23.7%	36.6%	41.6%	44.5%
Sweden	———	———	12.8%	12.1%	12.8%	17.3%	18.2%	17.5%
Switzerland	39.0%	39.1%	40.8%	34.3%	30.1%	33.1%	38.8%	35.3%
Turkey	39.4%	35.7%	30.3%	26.9%	25.3%	28.6%	26.5%	24.9%
United Kingdom	21.0%	22.3%	23.7%	24.1%	24.5%	32.6%	33.4%	34.8%
United States	11.8%	10.0%	10.0%	10.6%	16.3%	29.0%	31.3%	29.3%
OECD-Total	32.0%	31.4%	28.6%	25.0%	23.7%	31.6%	33.7%	34.3%

Source: OECD (2013)

B. Supplemental Regression Data

Sample Sizes for Regressions

Table 7: Sample Sizes for Data in Table 1

Country	2006	2008	2010	2012
Germany	1198	1296	1418	1317
Switzerland	791	867	733	764
UK	1064	1062	1034	911
Sweden	1021	1027	728	915
Denmark	742	829	768	778
France	1000	1028	857	——
Ireland	614	987	995	1063

Table 8: Sample Sizes for Data in Table 2

Country	N
Germany	5229
Switzerland	3155
UK	4071
Sweden	3691
Denmark	3117
France	2885
Ireland	3659

Table 9: Sample Sizes for Data in Table 3

Country	N
Germany	1210
Switzerland	647
UK	859
Sweden	663
Denmark	681
France	743
Ireland	653

Survey Questions and Responses for Regression Variables

Trade Union Membership

Question: Are you or have you ever been a member of a trade union or similar organisation? IF YES, is that currently or previously (European Social Survey 2006, p. 64; European Social Survey 2008, p. 58; European Social Survey 2010, p. 47; European Social Survey 2012, p. 50)?
Responses: Yes, currently; Yes, previously; No.

Establishment Size

Question: Including yourself, about how many people are/were employed at the place where you usually work/worked (European Social Survey 2006, p. 62; European Social Survey 2008, p. 55; European Social Survey 2010, p. 43; European Social Survey 2012, p. 46)?
Responses: Under 10, 10 to 24, 25 to 99, 100 to 499, or 500 or more.

Work Contract

Question: Do/did you have a work contract of… (European Social Survey 2006, p. 61; European Social Survey 2008, p. 55; European Social Survey 2010, p. 43; European Social Survey 2012, p. 46)
Responses: unlimited duration; or, limited duration; or, do/did you have no contract?

Main Activity in the Last Seven Days

Question: Using this card, which of these descriptions applies to what you have been doing for the last 7 days? Select all that apply (European Social Survey 2006, p. 59; European Social Survey 2008, p. 53; European Social Survey 2010, p. 40; European Social Survey 2012, p. 44)
Responses: in paid work (or away temporarily) (employee, self-employed, working for your family business); in education, (not paid for by employer) even if on vacation; unemployed and actively looking for a job; unemployed, wanting a job but not actively looking for a job; permanently sick or disabled; retired; in community or military service; doing housework, looking after children or other persons; (other).

Job Security

Question: Using this card (Card 79), please tell me how true each of the following statements is about your current job. G29: My job is secure ('secure' in the sense of an actual or implied promise/likelihood of continued employment with that employer) (European Social Survey 2010, p. 67).
Repsonses: Not at all true, A little true, Quite true, Very true.

Trade Union Influence at the Workplace

Question: How much influence would you say that trade unions at your workplace generally have over decisions that affect your working conditions and practices (ibid., p. 70)?
Responses: Not much or no influence, Some influence, Quite a lot of influence, A great deal of influence, (No trade unions/trade union members at the workplace).