

Romania: collective bargaining institutions under attack

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Summary

This article examines the impact of the recession on collective bargaining in Romania, focusing on legislative changes and developments in the public health care and the construction sectors. Prior to the recession, Romania had a legal system that supported dialogue between trade unions, employers and the government, resulting in widespread collective bargaining at all levels. In 2011, the government scrapped all collective agreements and changed, without parliamentary debate, the main labour laws, making it impossible to have cross-sectoral collective agreements and far more difficult to negotiate collective agreements at the sectoral, multi-employer and company levels. The recession was thus used by the centre-right government as a pretext to reform the industrial relations system.

Résumé

Cet article, qui examine l'impact de la récession sur la négociation collective en Roumanie, se concentre sur les changements législatifs et les développements dans les secteurs des soins de santé publique et de la construction. Avant la récession, la Roumanie était dotée d'un système juridique qui encourageait le dialogue entre les syndicats, les employeurs et le gouvernement, permettant une négociation collective généralisée à tous les niveaux. En 2011, le gouvernement a aboli toutes les conventions collectives et a modifié, sans débat parlementaire, les principales lois en matière de travail, ce qui a rendu impossibles les conventions collectives transsectorielles et a freiné la négociation des conventions collectives aux niveaux sectoriel, multi-employeurs et de l'entreprise. La récession a donc été utilisée par le gouvernement de centre-droite comme prétexte pour réformer le système des relations professionnelles.

Zusammenfassung

Dieser Beitrag befasst sich mit den Auswirkungen der Rezession auf die Tarifverhandlungen in Rumänien, insbesondere in Bezug auf die gesetzlichen Änderungen und Entwicklungen im öffentlichen Gesundheitswesen und im Bausektor. Vor der Rezession bestand in Rumänien ein Rechtssystem, das den Dialog zwischen Gewerkschaften, Arbeitgebern und Regierung unterstützte und zu

einer weiten Verbreitung von Tarifverhandlungen auf allen Ebenen geführt hatte. Im Jahr 2011 verwarf die Regierung sämtliche Tarifvereinbarungen und änderte – ohne parlamentarische Debatte – die wichtigsten Arbeitsgesetze. Durch diese Änderungen wurde es unmöglich, branchenübergreifende Tarifverträge abzuschließen, und wesentlich schwieriger, Branchen- und Unternehmenstarifvereinbarungen sowie Vereinbarungen mehrerer Arbeitgeber auszuhandeln. Die Rezession wurde also von der Mitte-Rechts-Regierung als Vorwand benutzt, um das System der Arbeitsbeziehungen zu reformieren.

Keywords

Collective bargaining, Romania, trade unions, health care, construction, recession

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Introduction

Bohle and Greskovits (2012) argue that Romania has a special type of neoliberal capitalism with weak state institutions, high centralization and collective bargaining coverage, and with trade unions having relatively high mobilization power. Prior to 2010, Romania had a comprehensive industrial relations system, with widespread collective bargaining at national, sectoral and company levels and with the legal system supporting bipartite and tripartite consultation and negotiation between trade unions, employers and the government (Trif, 2010). However, this system has been radically overhauled by the government¹ since 2010, despite opposition from trade unions and several employer associations (Ciutacu, 2012). The legislative changes have led to a forced decentralization of collective bargaining and made it more difficult for unions to bargain collectively. In contrast to Bohle and Greskovits' (2012) argument that Romania has a weak state lacking the capacity to implement reforms due to union resistance, the recent changes in collective bargaining have left Romania with a relatively strong state and weak unions.

After a brief analysis of the economic and political consequences of the financial crisis, the article discusses the main legislative changes concerning collective bargaining. It goes on to discuss developments in collective bargaining in two industries: health care, an industry broadly representative of the public sector which was severely affected by the austerity measures introduced in 2009 and 2010; and construction, the private sector industry worst hit by the economic crisis, and the one with the most developed collective bargaining institutions in the private sector (Ciutacu, 2011). This study of two sectors severely affected –

though in different ways – by the crisis, aims at analysing how recent economic developments and political factors have influenced change in collective bargaining institutions. The article concludes with a broader discussion of the findings. The empirical data are based on in-depth interviews conducted in 2012 with 10 union officials and two industrial relations experts.

The financial crisis and its economic and political consequences

The international financial crisis severely affected economic and social developments in Romania after 2008. Gross domestic product (GDP) slumped by 6.6 per cent in 2009 followed by a further 1.6 per cent drop in 2010, indicating a more severe economic downturn than in Bulgaria (which had a similar level of economic growth before the crisis) and the EU average (Figure 1). The construction sector was worst hit, losing 14 per cent of its value added to GDP in 2009, followed by agriculture (–7.8 per cent) and services (Zaman and Georgescu, 2009). Though overall employment has only declined by 1.2 per cent since 2008, there are major variations across sectors – while the construction labour force shrank by 9 per cent, employment increased slightly in the health care sector (Table 1). Unemployment has remained virtually unchanged at around 7 per cent since 2008, reflecting the limited contraction of the total labour force. Average wage increases have been below the inflation rate since 2008 (Figure 2), indicating that trade unions have not managed to safeguard employee purchasing power.

Figure 1. Real GDP growth, Romania, Bulgaria and EU-25, 2001–2012.

PLEASE INSERT FIGURE 1 (from excel file) HERE

Source: Eurostat (2012).

Figure 2. Romania – wages and inflation, 2008–2011.

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Source: Eurostat (2012).

Table 1. Employment by economic activity.

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Source: Eurostat (2012).

There are three sets of interrelated reasons for the economic downturn in Romania. First, despite the limited proportion of toxic assets in its banking system, Romania was exposed to the adverse effects of the global financial crisis primarily due to its openness to foreign capital (foreign stakeholders account for over 85 per cent of total banking assets)

(Zaman and Georgescu, 2009). Moreover, foreign direct investment (FDI) dropped by almost 50 per cent in 2009 compared to 2008 (Constantin et al., 2011). Secondly, there was a decline in domestic and international demand for goods and services, with Romanian exports to the EU (the main trading partner) dropping by 25 per cent in 2009 (European Commission, 2010). In addition, wage reductions for many workers and the decline of remittances from abroad reduced private consumption by 9 per cent (Constantin et al., 2011). The third set of factors refers to the economic weakness that already existed before 2008 and the lack of proactive measures to stimulate economic growth, with pre-2008 growth primarily fuelled by the consumption of imported goods and real-estate sales. Despite economic growth between 2000 and 2008, the budget deficit kept on increasing (Constantin et al., 2011), and Romania was forced to borrow €20bn from the IMF, EU and the World Bank in 2010 to tackle the budget deficit. This financial assistance was conditional on the government adopting austerity measures.

The austerity measures and the arbitrary way the reforms were pushed through without social dialogue led to a substantial decline in the popularity of the centre-right coalition in power between 2008 and 2012 (Daborowski, 2012). The coalition introduced some of the most restrictive austerity measures in the EU, slashing salaries in the public sector by 25 per cent and reducing numerous social benefits in 2010 (Trif, 2010). Though this reduced the budget deficit from 9 per cent of GDP in 2009 to 4.9 per cent in 2011, budget cuts were at the expense of living standards (Daborowski, 2012). The controversial privatization of mineral extraction companies and the attempt to privatize the health care system led to growing public opposition, ultimately contributing to the collapse of the government in February 2012. A new government led by Ungureanu was installed by the centre-right political coalition, only to collapse fewer than three months later.

In May 2012, a centre-left coalition came to power. Led by Victor Ponta, the new government decided to take measures to enhance its support within the population, for instance increasing public sector salaries by 8 per cent in June 2012 and increasing taxes for the rich (*Financial Magazine*, 2012). These wage increases were not however negotiated with the unions.

Looking at the main changes to the labour laws since 2008, these were all introduced unilaterally by the governments in power – whether centre-right or centre-left – as so-called ‘emergency decrees’. The latter were used extensively to pass laws without public or parliamentary debate, indicating a return to authoritarian decision-making practices similar to those used before 1990.

Government attack on collective bargaining institutions

In 2011, the centre-right government introduced the most sweeping changes to collective bargaining legislation since the collapse of the Communist regime (Ciutacu, 2011). In addition to the unilateral amendment of the Labour Code (facilitating hire-and-fire practices), the government abolished the laws governing collective bargaining since 1991 and introduced a new Social Dialogue Act (SDA) that changed collective bargaining processes at all levels.

At cross-sectoral level, a unique national collective agreement was in force until 2011, stipulating minimum rights and obligations for the entire labour force in Romania. Under it, representative union and employer confederations set minimum standards in terms of the minimum wage (equal or above the level set by government), working time and working conditions. The new legislation no longer allows the social partners to negotiate cross-sectoral collective agreements, leading to a decentralization of collective bargaining and weakening bargaining coordination, as the unique national collective agreement used to be the minimum reference point for collective bargaining at the lower levels. In 2012, the minimum wage was set by the government at €162 a month (a 4.5 per cent year-on-year increase slightly below the inflation rate). The SDA makes it easier for employers to cut declared wages for highly qualified employees to the minimum wage and instead to make additional cash payments, thereby avoiding tax. The national collective agreement had hitherto specified pay rates linked to training and education levels, which meant that highly qualified employees could not be paid the minimum wage. The Labour Inspectorate reported that over 630 000 full-time employees were paid the minimum wage in 2012, an increase of around 200 000 on the previous year.

The legislative changes, together with the difficulties encountered by social partners in gaining representative status, made it impossible to negotiate collective agreements at sectoral level until May 2012. Previously, social partners fulfilling the representativeness criteria had been able to negotiate collective agreements at branch level covering all employees and employers in a specific branch. In 2011, the social partners agreed on 32 branches eligible for collective bargaining, 20 of which had collective agreements. All these agreements were scrapped by the government at the end of 2011. The SDA stipulates that branch agreements are to be replaced by sectoral agreements that can be applied in 29 economic sectors. The social partners have to re-register with the local court and prove that they are representative at sectoral level. Trade unions and employers can also negotiate collective agreements for a group of companies from the same sector. The new collective

agreements generally apply only to employers belonging to the employer organizations signatory to the agreement. As there is no statutory extension of collective agreements, there is less coordination within the economic sectors.

The SDA makes it more difficult for trade unions to negotiate agreements at company level for two main reasons. First, there is further downward pressure on employment standards due to a lack of collective agreements setting minimum conditions at higher levels. Secondly, there are major procedural changes regarding collective bargaining. Local unions have to re-register with the local court to be entitled to negotiate collective agreements. Many local unions have lost their representative status, as the new law stipulates that union density needs to be at least 51 per cent of a company's workforce compared to one-third under the old law. If union density is lower or there is no union representation in a company, elected employee representatives are allowed to negotiate collective agreements. Previously, local union officials could get up to five days off per month for union activities paid by the employer, while under the new law the employer is not obliged to pay any time off. Also, the new law makes it far more difficult to organize workers in small and medium-sized enterprises. It requires a minimum of 15 workers from the same company to form a union, while previously 15 employees working in the same profession or branch could form a union. The SDA makes it impossible for unions to bargain collectively in over 90 per cent of Romanian companies with fewer than 15 employees (Barbuceanu, 2012).

Three main methods were used to reduce union influence and their role in collective bargaining at all levels. First, there were the legislative changes which made it far more difficult for unions to bargain collectively, as discussed above. In addition, the government outlawed the practice of employers deducting union dues from wages, making it more difficult for unions to collect dues. Secondly, the respondents suggested that there had been an organized campaign to intimidate and discredit the leaders of the five main confederations. The most notorious case was the 2011 arrest of Marius Petcu, the leader of largest union confederation, CNSRL Fratia and the Sanitas Federation, following an argument with President Basescu about the health care budget (senior union official, Sanitas). Another senior union official reported that he was accused of tax evasion after an argument with the President and that the police had been sent to his house. The subsequent legal proceedings had proved his innocence. Nevertheless, many commentators have stated that certain union leaders are corrupt. Petcu for instance was arrested for allegedly accepting a bribe from a businessman supposed to perform construction work at a union centre (Barbuceanu, 2012).

Finally, union legitimacy was affected by the fact that the government ignored virtually all union recommendations. Although a special tripartite commission consisting of representatives of unions, employers and the government had been formed to deal with the economic crisis and had agreed to implement over 400 measures, at the end of the day the government only implemented three of them (Trif, 2010). One of these provisions stipulated that employees were entitled to 75 per cent of their wages for a limited period of unemployment when companies were going through a period of low demand for their products or services, with neither the employer nor employees having to pay wage taxes. Implemented in 2010 for three months, the government scrapped the measure in 2011. Union legitimacy was further damaged by the fact that the mass demonstrations organized by unions against the new labour laws and wage cuts had no impact on government policies (Ciutacu, 2011). Put in a nutshell, the government leveraged the recession to curb union power, as demonstrated also by collective bargaining developments in the health care and construction sectors.

Developments in the health care sector

Developments in the health care sector illustrate the issues faced by public sector employees during the recent recession. The Romanian health care sector employs around 400 000 employees, approximately 85 per cent of whom work in the public health care sector (Chivu, 2011). Public health care spending was around 4 per cent of GDP in 2011, far lower than the EU average (Gensior, 2012). In attempts to make better use of the limited resources, the health sector has been subject to successive reforms over the last 20 years primarily seeking its decentralization and liberalization. The centre-right government planned to introduce extensive privatization of public hospitals and clinics as a way of cutting state spending. However, the draft bill was withdrawn after the reform plan came under heavy criticism from doctors, the general public and the social partners as well as the Deputy Ministry of Health (Gensior, 2012). It was argued that the privatization of public hospitals would make medical treatment unaffordable for a large segment of the population. Nevertheless, health care reforms are likely to remain on the new government's agenda in an attempt to optimize resources.

The austerity measures imposed by the government had a significant impact on collective bargaining in the health care sector. Before the recession, the five union federations representing health care workers managed to increase wages for their members through branch-level collective bargaining from 89 per cent of the national average salary in 2004 to 98 per cent in 2008, making the most of the economic boom and staff shortages (Chivu,

2011). A study conducted by Rotila and Celmare (2007) showed that 58 per cent of managers of the public health care organizations indicated a shortage of staff (doctors and nurses) due to emigration and over 90 per cent of managers considered that higher wages and better conditions were required to retain staff. In spite of staff shortages, the government unilaterally cut the wages of health care employees by 25 per cent in 2010 as part of the public sector wage cuts. In addition, despite the provisions of the branch's collective agreement for 2008–2010, employees did not receive the so-called '13th salary' (a supplementary month's wage), bonuses linked to seniority and overtime payments. Interviewed union officials stated that health care workers' wages had dropped by around 40 per cent in 2010, while their workloads had increased and unpaid overtime had been required to make sure that patients were safe in hospitals. They indicated that most hospitals could not afford to employ new staff due to budget constraints. Despite having a valid collective agreement, the terms and conditions of employment stipulated in the agreement have been unilaterally downgraded by the government. A union official reported that:

'There were many protests in 2010 and 2011 organized by Sanitas and CNSRL Fratia against legislative changes and the major cut in salaries, with no positive results for union members; these protests were very expensive for the union and difficult to organize; as a result, Sanitas has found it very difficult to organize national-level protests in 2012.' (Senior union official, Sanitas)

The costs of organizing unsuccessful protests in a context of declining membership and the arrest of the leader of the largest union confederation have considerably reduced the capacity of unions to mobilize their members.

The unions managed to conclude a collective agreement in 2011, valid between August and December 2011. This agreement was similar to the previous one, except there were no longer any provisions regarding the amount of annual leave, paid overtime or precarious conditions. Meal vouchers were also withdrawn. According to the two local union officials, the provisions of the 2011 collective agreement were still being applied in their organizations in 2012, though they could not be legally enforced should any problems arise. It was very difficult to start the 2012 collective negotiations due to the provisions of the new labour laws as well as the fragmentation of health care administration.² The new administrators did not form an employers' association at sectoral level, meaning that unions had no partner to negotiate with. Furthermore, it took unions several months to re-register with the local court. The largest union, Sanitas, gained representative status at the end of April 2012, while the other unions have not (yet) gained such status. In June 2012, the

regional office of Sanitas concluded a collective agreement with a group of 19 hospitals in Bucharest, the first agreement concluded in 2012 for a group of companies.

To assist their members and deal with the reduction of union funds due to the 50 per cent decline in union membership, Sanitas has managed to obtain EU Structural Fund funding for five sectoral projects, allowing them to provide training to around 10 000 members. With these new skills a number of them have been able to earn additional income by working extra hours as carers. Those successfully completing the training were eligible to apply for a training grant, equivalent to one month's wage. Although health care unions mobilized their members in protest against the new laws and austerity measures, their success and influence on collective agreements have remained limited since 2009 (Chivu, 2011). Nevertheless, they have adapted to the new conditions and regulations and made an effort to help their members in other ways.

Developments in the construction sector

The construction sector reflects developments in the private sector worst affected by the recent recession. There has been a major drop in construction investment and demand, primarily due to cutbacks in bank loans offered to companies and individuals (Mocanu, 2009) and limited state infrastructure investment. Nevertheless, the availability of EU Structural Funds for the thermal insulation of state-owned buildings since 2009 has somewhat cushioned the effects of the recession. The construction sector was one of the first affected by the recession in 2009, and one of the last to recover, with demand not picking up until 2012.

Union officials referred to a chain of subcontracting in the construction sector contributing to the exploitation of workers. Generally speaking, multinational companies are awarded the major construction contracts. They subsequently subcontract most of the work to other relatively large companies which in turn subcontract work to very small companies which cannot be unionized; over 90 per cent of construction companies do not have the minimum number of employees required to form a union (Ciutacu, 2009). Although multinational firms generally provide good conditions to their employees to protect their image, the other firms in this subcontracting chain often exploit workers. Prior to 2011, all construction firms were covered by the branch collective agreement. However, a large number of workers had no employment contract before the recession; it was estimated that around one-third of the sector's total labour force was involved in undeclared work in 2006 (Ciutacu, 2009).

To deal with specific sectoral issues, the social partners have developed several bipartite institutions since 1997. The construction sector is unique in terms of having a

network of bipartite institutions and joint committees that regulate workers' social protection, training, and health and safety, deal with migrant workers and undeclared work, and provide private pensions and holiday funds (Ciutacu, 2009). Their development started with the establishment in 1998 of the Builders' Social Fund which manages a social protection fund for employees (to which employers, employees and customers contribute) providing compensation for periods of inactivity due to bad weather. Over 300 000 employees have benefited from winter allowances since 1998. The number of employees receiving winter allowances increased by 20 per cent between 2008 and 2011, due to less work being available since the recession (Raport annual 2011, 2012). The social partners have used the existing bipartite institutions to gain EU Structural Funds for training and to provide support for employees during the temporary interruption of work.

Unlike other sectors, social partner fragmentation is limited in the construction sector. There is just one employer association, the Romanian Association of Building Entrepreneurs (ARACO) and one trade union, the FGS³. A senior union official reported that it was an organic merger, as the two unions had been working together with ARACO to develop the bipartite self-regulation institutions. In 2006, the social partners signed the first Romanian sectoral social agreement (for 2007–2009), covering a broader range of issues than other sectoral collective agreements (Ciutacu, 2007). It included issues such as a regulatory framework for complying with EU regulations as well as ensuring that there was no 'race to the bottom' on employees' wages, that would enable employers paying the lowest wages to win tenders.

In contrast to the health care sector, the social partners in the construction sector set the terms and conditions of employment through collective bargaining during the recession. They concluded collective agreements covering all employees in the construction sector until 2011, when the legislation changed. Although over 65 000 employees have lost their jobs since 2008, the minimum wage for construction workers has steadily increased since 2008. In 2012, it was 7 per cent higher than the national minimum wage. Set by the social partners who negotiated an agreement for 2012–2013, it covers only employers and employees respectively belonging to ARACO and FGS. The existence of consolidated bipartite institutions made it possible for the social partners to negotiate multi-employer agreements, despite being the sector worst hit by the economic recession.

Nevertheless, the unions are finding it far more difficult to negotiate collective agreements at company level. Local unions are only allowed to start negotiations when they have more than 50 per cent union density. Where this is not the case, the FGS may, together

with employee representatives, initiate collective bargaining in unionized companies, but in many cases employees do not elect representatives as they are afraid that the latter could be fired. Also, an FGS official indicated that there have been cases of intimidation of local union officials. Nevertheless, there are some companies where unions enjoy very good relations with the employers. The two local union officials interviewed worked in such companies and they both reported that ownership changes had a more significant impact on collective bargaining than the recession or the recent legislative changes. Both companies had previously had senior managers unwilling to enter into a dialogue with the unions. These developments indicate that collective bargaining in unionized companies depends primarily on the willingness of the local senior management team to negotiate with unions. In addition, the new legislation makes it impossible for unions to negotiate collective agreements in over 90 per cent of the micro-enterprises which carry out the subcontracted construction work, as they have fewer than 15 workers.

Discussion and conclusion

This article examines the main changes in collective bargaining since 2008. It argues that the state hammered the collective bargaining system and imposed its decentralization, primarily through legislative changes. The biggest change was at national level, with the SDA making it impossible for the social partners to negotiate cross-sectoral collective agreements.

Moreover, the state declared all sectoral agreements null and void at the end of 2011 and made it very difficult to negotiate new sectoral agreements in 2012 due to the new legal requirements for the social partners (Barbuceanu, 2012). Union officials reported that very few unions managed to negotiate multi-employer collective agreements in 2012. The social partners in the construction sector were the first to conclude a sectoral agreement for 2012, while the regional office of Sanitas was among the first to conclude a collective agreement for a group of companies. Both agreements cover only employees in the companies signatory to the agreements, while before 2011 all employees (legally) working in the two sectors were covered by branch agreements. This indicates a decentralization and fragmentation of sectoral collective bargaining, in line with institutional developments in neoliberal market economies.

Besides some general trends in collective bargaining observed in both sectors, there are striking differences between collective bargaining in health care and construction, suggesting that political rather than economic factors were behind the institutional changes in collective bargaining. Although the construction sector was the worst affected by market forces during the recession, the social partners worked together, leveraging their unique bipartite institutions to tackle it. By contrast, the state almost unilaterally established the

terms and conditions of employment in the health care sector, disregarding the provisions of the collective agreements for all public sector employees between 2009 and 2011, allegedly due to the conditions for the loan agreed with the IMF (Trif, 2010). The centre-right government unilaterally reduced public sector wages in 2010 by more than 25 percent, while increasing them by 15 per cent in June 2011. The new government similarly increased wages for public sector employees by 8 per cent in June 2012, without consulting the unions. According to union officials, the latest wage increase was a populist measure, as local elections and parliamentary elections were due to take place in 2012. In addition, a local union official reported that their union had obtained a definitive court judgment in 2009 on the payment of arrears to nurses in a public hospital which had illegally reduced their salaries for seven years, but that the government had passed an emergency ordinance to invalidate the court decision. Considering also that all the main changes in the labour laws since 2008 have been introduced unilaterally by the governments through emergency decrees, it could be argued that we are witnessing a return to authoritarian decision-making practices.

In contrast to Bohle and Greskovits' (2012) argument that Romania has a weak state that concedes to union demands, the recent changes in collective bargaining point instead to a relatively strong state and weak unions. The government's disregard for the provisions of collective agreements, the legislative changes and the alleged intimidation of union leaders have led to a decline of union legitimacy and their influence in collective bargaining. The economic crisis has caused a downward trend in trade union membership and mobilization power (Trif, 2010). The recession was also used as a pretext by the centre-right government to reform the industrial relations system. The so-called Social Dialogue Act was passed unilaterally by the government without being debated in parliament and without involving the social partners. It should be noted that four (out of 13) national employer associations employing over 60 per cent of the active labour force did not support this new legislation (Ciutacu, 2012: 2), as it hindered social dialogue and multi-employer collective bargaining. The government made statutory changes to the terms and conditions of employment agreed by the social partners and abolished all existing collective agreements. The non-democratic procedures used to alter industrial relations resemble the authoritarian rule in place before 1989. Evidence points to a large degree of continuity in terms of strong state intervention in industrial relations. We call this type of institutional arrangement *authoritarian neoliberalism*, as change in industrial relations is driven by a strong, interventionist state in the field of wage setting that, at the same time, is pushing forward labour market deregulation and dismantling workers' rights. However, it is difficult to foresee whether authoritarian

neoliberalism is a transitional stage or whether it will become a long-term institutional arrangement.

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¹The government was led by Prime Minister Emil Boc from December 2004 to February 2012. Boc's first government fell in October 2009, after losing a motion of no confidence in Parliament. Boc was reinstated by the President and formed a new government which collapsed in February 2012, following social protests due to austerity measures.

² Around 25 per cent of hospitals are still run by the Ministry of Health, while others are run by the local councils or have some other form of ownership. Moreover, many hospitals have been closed down.

³ The two largest unions merged in 2009 to become the Familia 'Angel Saligny' General Union Federation (FGS), which is affiliated to CNS Cartel Alfa. The merger was not linked to the recession.