



# **Squeezed out from the policy-making processes? The European Semester in a context of weakened social partnership**

## **Case study Hungary**

### ***Executive summary***

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The aim of this OSE Research paper is to analyse the involvement of Hungarian trade union organisations in both the domestic and EU cycles of the European Semester. The research focuses on specific policy areas particularly relevant for trade unions: employment, wage setting, social protection and social inclusion policies under the Europe 2020 Strategy, especially between 2014-2018. The case study is based on desk research and eight semi-structured interviews with representatives of various stakeholders involved in social dialogue in the European Semester.

Hungary can be characterised as a country with a weak to moderate degree of EU pressure, low and decreasing levels of TU representativeness, and belonging to the Central-Eastern cluster of industrial relations' systems, with limited collective bargaining coverage. Against this particular background, the degree of trade union (TU) influence on the Semester process can be regarded as strictly limited. TU involvement through national bodies, although there is a formal structure for it, can be considered non-existent, as unions cannot meaningfully influence the national processes (at least according to the social partners interviewed). The TUs have limited resources, both politically —due to low union density and a strong, centralising government —and financially, which results in low levels of organisational and cognitive resources. The strong governmental media-presence together with the low mobilising capacity and the underfinanced status of trade unions inhibit effective reconciliation of interests. The changes made to the legal regulations on strikes and the new Labour Code (introduced in 2012) further limited the room for manoeuvre of trade unions and their representatives.

TU involvement through EU bodies can best be described as consultation, mostly connected to the preparation of the European Commission's Country Report, i.e. regarding the outputs of the Semester process. TUs can mostly only contribute information about the national context, which may appear in the Country Report and thus indirectly influence the Country-specific Recommendations (CSRs). They perceive that one of the CSRs for 2018 regarding social dialogue is partly a result of their efforts to influence the EU level. TUs are generally quite satisfied with the EU recommendations regarding poverty reduction, social provisions, education, the labour market, wage-setting and social dialogue. However, they are quite sceptical about how much these are reflected in actual government policy measures.

TU representatives have limited awareness of the European Semester processes; this knowledge is often limited to top members of the social partner organisations. Actors evaluate their interaction with EU level bodies (notably the European Trade Union Confederation (ETUC) and the European Commission) positively, although they see room for improvement. However, regarding the national government, TUs see a need for more regular, transparent and formalized/institutionalized co-ordination regarding their involvement in the Semester. That is why the social partners try to influence the ES debate at the EU level, to gain EU support and thus influence the national agenda, rather than the other way around. The Commission's fact-finding missions are seen as the main and almost only official opportunities for access, where social partners can express their priorities directly, apart from occasional bilateral meetings organised with the help of, and the venues available via, European organisations (ETUC or BusinessEurope).

In view of the limited resources trade unions have, formalisation of their involvement in the Semester — both through EU and national bodies — may enhance and facilitate TU participation in the process. Trade unions could take a more pro-active stance in some key questions related to the Semester. Thus, directly addressing the Commission with position papers could provide it with ideas during the drafting phase of the Country Reports, so that their most important points could already be reflected in the preparatory work for the Semester documents. Trade unions could boost their organisational resources by promoting interaction and coordination among confederations and with other social partners regarding involvement in the Semester, as well as increasing interactions with NGOs. The national process should ensure the involvement of social partners from the early stages of document-drafting and throughout the whole process, allowing adequate time for trade unions to present their contributions, especially in relation to the 'national' cycle of the Semester. The government should use the existing consultation forums in a meaningful and transparent way.

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