

## **The Changes of the Labour Policy and Labour Administration in the Central and Eastern European Countries in the Course of the Political and Economical Transformation**

### **I.**

The transformation of the political, state and economical structure of the Central and Eastern European countries affected the principles and changes of the labour policy. Formerly, the labour policy was an exclusively state prerogative. Its tendencies and principles were determined by the Parliament in the framework of Five Year Plans. The details were determined partly by the one year plans, partly by the Council of the Ministers. The labour policy had three fundamental functions: a) definition and steering of legal regulation, b) wage policy and c) employment policy. Following the transition two essential modifications take place. Both the role of the State and the principle of the labour policy were changed. The role of the state is still dominant, but no longer exclusive. In the domain of the legal regulation this role is now limited to determination of basic guarantees and establishments. The detailed regulation is within the competence of the collective agreements, resp. employment contracts.

Domestic policies, – the essence of which was centralised wage regulation, i.e., the determination of wage items and of the size of the funds earmarked for wages or of the average wage level – were significantly relinquished in the period of 1989/90ies, in favour of decision making at the level of companies. Later in most part of the countries the central wage regulation was terminated and only maintained in areas financed by the central budget, such as state administration, education health care, etc.

Opposite tendency presents itself in the domain of the employment policy. The role of the State significantly increased in this domain but the purpose of this was changed fundamentally. Formerly, there was a chronic manpower shortage in every country. State employment policy focused on measures – at times administrative ones – aimed at promoting employment (e.g. compulsory jobs for leavers of vocational training schools). After 1989 the situation changed in two directions. Firstly, the newly adopted constitutions declared the right to work. Accordingly, labour law provided for the principle of free employment, i.e., for entering into labour relations on free contractual agreements between parties. Employment policies could no longer limit free employment. Since unemployment appeared on the scene, the main task of State employment policy was care for the jobless and assistance in job-seeking. At the outset

unemployment was thought to be a temporary evil of market economies, to stabilise at a low rate. Very soon it became clear that it goes about a lasting problem, which is much graver than expected. (This is due, on the one hand, to recession in the West. It slowed down the flow of investment capital. On the other hand, it is due to the total collapse of former inter-state economic relations). Some countries reacted quite promptly. In the course of 1991 almost everywhere in the Central and Eastern European countries acts on employment were passed. These not only regulated the unemployment issue, but also created administrative institutions to efficiently implement legal provisions. In view of the increase of unemployment and its lasting nature, a number of new problems emerged in the course of implementation. As a consequence, statutes on employment had to be repeatedly amended. In the course of the last years two tendencies may be observed in the conception of the employment policy regarding unemployment. The first is of an expansive nature and consists of finding ever new and varied forms of counteracting unemployment and easing the requirements for rendering financial assistance to those involved in creating new jobs. The second is of a restrictive nature and involves narrowing the definition of unemployment and sharpening the criteria for granting unemployment benefits. The latter tendency is partly justified by the fact that the earlier existing regulations regarding unemployment were excessively liberal in their definitions.

In course of the transition in most countries state labour policies gradually incorporated two new elements. The first is the co-operation with employee and employer organizations. The second the extending and the strengthening of the control of the application of the labour regulations, collective agreements and generally the working conditions.

The cooperation with employee and employer organizations has two main purposes. The first is the promotion of the development of the collective bargaining. The State is forever interested in successful collective bargaining, the strength of the collective agreement systems. They affect economic stability, social policy. A stable dialogue with the social partners can contribute to the peaceful nature of political and economical transformation. The cooperation has two forms. One is the establishment of tripartite collective bargaining. In some countries institutional frameworks were created (e.g., the National Interest Reconciliation Council in Hungary, the Tripartite Secretariat for social dialogue in Romania). The other is the creation in the framework of the labour administration many-sided councils, committees with participation of the employee and employer organisations for promoting the activity of the administrative State organs. These have of consultative, rarely of decision-making character.

A labour control system existed in the Central and Eastern European countries earlier, too. The labour safety inspection or a general labour inspection dealt – under the supervision of labour ministries or independently –, with control of the implementation of the labour safety and health protection regulations, resp. of the general labour standards and work conditions. Partly due to privatisation and expansion of private sectors, partly in consequence of the enlargement of the competence of the employment contract the role of these became more important everywhere. In view of this fact, the competence of such institutions was generally extended to include general monitoring of labour laws.

## II.

The modification of the labour policy concept influenced the structure and activity of the labour administration. The direction and the supervision of the implementation of the labour policy belong to the competence of the labour administration.

Prior to transformation, all the Central and Eastern European countries had some kind of central State administration organ to deal with labour policy. The names and competencies of those differed, and were changed in the same country, too. In some countries they were ministries of labour, or labour and social affairs, in others there were special offices (e.g. the State Wages and Labour Office) supervised by the ministerial cabinets or central planning authorities.

Following political transition, in each country the unitary implementation of the labour policy fall within the competence of a ministry. The name and competence of this differ. In some country was established Ministry for Labour (e.g. in Hungary), in others Ministry for Labour and Social affairs or Social Protection (e.g. in Poland, in Romania, in Croatia), Ministry for Labour, Family and Social Protection (e.g. in Slovenia, in Slovakia), resp. Ministry of Labour, Emigration, Social Protection and Ex political persecuted people (in Albania). As the names show these ministries have multidirection tasks. This paper traits only the activity in the domain of labour policy.

Nowdays – as I mentioned before – in the Central and Eastern European countries the labour policy has two main tasks: one side the employment policy, other side the controll of the labour regulations and the work condition. For monitoring these tasks two nationwide organisations were established in every country under the supervising of the Ministry (or the structure and competence of the prior established organizations were modified):

a) One of these for implementing of the employment policy. Their structure were similar in every country: a central organ and under the direction of this regional, resp. local organs.

The names of these employment institutions differ: in Poland there are National Labour office, provincial (wojewudzki) and local labour offices, in Hungary in the framework of the National Labour-market Organization a Central Labour Office, county and local labour centres, in Croatia there's a National Employment Agency and local offices, in Slovakia they are called Employment Services with a Centre, territorial and local labour agencies, in Romania central, regional and local Manpower offices. Their assignment – with minor discrepancies – is identical, i.e. introduction and implementation of measures related to unemployment. These can be divided into three groups:

1. Preventive rules, aimed at making unemployment avoidable – bans or limits on massive dismissals, – preliminary consultation with competent organs, trade unions.

2. Measures aimed at assisting the jobless in reintegration into the labour market i.e. – registration of job vacancies and jobless persons, advisory and information services, -improvement of the employment aptitude of those unfit for available jobs, organisation of training and retraining courses to this end, creation of new job opportunities (financial support for unemployed, trained and fit to start their own businesses financial support for employers to create jobs for unemployed persons) –

organisation of communal work by local governments. (In Hungary the specific form of such activity is the so-called 'work for the public good'. It means that unemployed persons may be engaged and paid for work for the benefit of the local community without establishing employment relations.)

3. Rules meant to help those who failed to get access to jobs or a living in accordance with the above i.e. unemployment aid, depending on the duration of preceding employment as well as on the mode of its cessation; advanced retirement pensions, material care for the unemployed after the expiration of unemployment benefit.

b) For the monitoring the controll activity it is under the supervising the Minister of Labour Inspectorate. Earlier in most part of the countries the competence of the Inspectorate was limited Labour Safety and Health protection problems. Nowadays their competence is extended to the implementation of the labour law regulation and collective agreements.

The Inspectorate is in every country a national-wide organizations with a Centre and regional inspectorates. The main tasks of the Inspectorate are the following:

to supervise the implementation of labour law regulations, the collective agreements,

– to supervise compliance of employers and employees with the provisions for health and safety;

– to take adequate action, with a view to remedy defects revealed in the course of supervision and inspection;

– to give information and advice to employers, employees.

As I mentioned before a new element of the labour policy is the cooperation with the employee and employers organizations. In some countries this cooperation presented itself in institutionalized form determination of the structure of the framework of the labour administration.

In some countries it was established a tripartit council at the government or Labour Minister level. In Hungary the Labour Code provided the organization of the Interest Reconciliation Council. The Government shall initiate national wage negotiations in the Interest Reconciliation Council. The Government must agree with the council before its decision concerning determination of the regulations that depart from the Code in relation to the termination of employment on economic grounds, resp. making decisions regarding the minimum wage, the supervision of labour relations and the determination of the maxcimum duration of a working day and the number of non-working days. In Romania according to a Government Decree a Tripartite Secretariat for Social Dialogue was organized. This body has an equal number of trade union representatives, of the employers' companies and of the Government. The main purpose of the Secretariat is to promote the social dialogue between trade unions, employers and Government.

In some countries (Poland, Hungary, Romania, Slovenia) the activity of the labour market organizations is assisted by national, territorial and local labour councils, comprising representatives of trade unions, employer organizations, state and local government bodies. In Hungary councils of similar composition have been put in place to assist in the management of training activities.

### III.

The essential changes of the labour policy and of the labour administration can be summarized in the following:

– The exclusive role of the State was terminated in the domain of the labour policy, however it is dominant. This situation will be changed parallel with the development of the role of collective negotiations.

– The content of the labour policy was modified into to directions. The importance of the statutory regulation was diminished, the wage policy ceased to exist in the most part of the countries. In the same time the employment policy became the main task of the labour policy, Two new elements presented themselves: the cooperation with social partners and the control of the labour regulations, collective agreements and work-conditions.

– The character of the labour administration was changed, too. The regulating role was diminished and the organizing and advisory role comes into prominence.