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POLICY DEPARTMENT **ECONOMIC AND SCIENTIFIC POLICY**



Economic and Monetary Affairs

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DIRECTORATE GENERAL FOR INTERNAL POLICIES POLICY DEPARTMENT A: ECONOMIC AND SCIENTIFIC POLICY

WORKSHOP

Evolution of Collective Bargaining in Troika Programme and Post-Programme Member States

Brussels, 18 February 2016

PROCEEDINGS

Abstract

The European Parliament's Committee on Employment and Social Affairs requested a workshop on "Evolution of Collective Bargaining in Troika Programme and Post-Programme Member States", which was held in the European Parliament in Brussels on 18 February 2016. The workshop is connected to the EMPL Committee's ongoing work on monitoring the implementation of labour market and social reforms foreseen by the Memorandum of Understanding with Greece and its interest in following up the findings of the EP resolution of 13 March 2014 on Employment and social aspects of the role and operations of the Troika; it is also connected to the European Commission's intention to relaunch social dialogue.

The workshop presentations trace the development of collective bargaining in the last decades and have a look at the state of play of collective bargaining in Portugal, Romania, Ireland and Greece.

This Policy Department A publication contains the programme, a summary of discussions, background papers and the presentations of the workshop.

This document was requested by the European Parliament's Committee on Employment and Social Affairs.

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PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET

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1. PROGRAMME

Workshop

on

Evolution of collective bargaining in Troika programme and post-programme Member States

- Agenda -

Workshop organised by Policy Department A

Thursday, 18 February from 11:30 to 16:45

Venue: European Parliament, JAN 4Q1

Chairs: Thomas Händel, Marita Ulvskog (MEP)

The workshop is organised at the request of the EMPL Committee in connection with its ongoing work on monitoring the implementation of labour market and social reforms foreseen by the Memorandum of Understanding with Greece and its interest in following up the findings of the EP resolution of 13 March 2014 on Employment and social aspects of the role and operations of the Troika (ECB, Commission and IMF) with regard to euro area programme countries; it is also connected to the European Commission's intention to relaunch social dialogue.

11: 30 - 11:35	Welcome by the Chair, opening remarks
11:35 - 11:45	Presentation of the Eurofound report on Development in collective bargaining and social dialogue in the 21st Century
	Ricardo Rodríguez Contreras, Eurofound
11:45 - 11:55	The influence of the Troika on the erosion of collective bargaining in Portugal: changing rules and outcomes
	Maria da Paz Campos Lima, Lisbon University
11:55 - 12:05	The state of play of collective bargaining in Romania
	Aurora Trif, Dublin City University
12:05 - 12:30	Q&A
	Lunch break
15:30 - 15:40	Influences on Collective bargaining in Ireland 2008 - 2015
	Peter Rigney, Irish Congress of Trade Unions

15:40 - 15:50	The Greek system of collective bargaining during the economic crisis
	Aristea Koukiadaki, University of Manchester
15:50 - 16:15	Q&A
16:15 – 16:35	Roundtable of experts; discussion with Members
16:35 - 16:45	Closing remarks by the Chair

2. PROCEEDINGS OF THE WORKSHOP

2.1. Opening remarks

The chair welcomed the MEPs and the speakers and introduced the background of the subject.

The chair highlighted that the workshop was organised by the EMPL Committee in connection with its ongoing work on monitoring the implementation of labour market and social reforms foreseen by the Memorandum of Understanding in Greece and its interest in following up the findings of the EP resolution of 13 March 2014 on Employment and social aspects of the role and operations of the Troika with regard to euro area programme countries. It is also connected to the European Commission's intention to relaunch social dialogue.

2.2. Presentation of the Eurofound report on Development in collective bargaining and social dialogue in the 21st Century by Ricardo Rodríguez Contreras, Eurofound

Mr Rodríguez Contreras presented the Eurofound report on Development in collective bargaining and social dialogue in the 21st Century.

He noted that most EU Member states have been undergoing significant changes in their practices of collective bargaining since before the crisis. These changes were characterised by marked differences at national level in terms of pace, content and coordination as well as in the role played by government.

The process of steady change in collective bargaining systems accelerated since 2008, affecting all countries and not just those that experienced the worst effects of the crisis. While the decentralisation of multilevel bargaining systems and practices in continental Europe was implemented gradually in a coordinated way, the shift in countries such as Greece, Portugal, Spain and Romania was much more abrupt and disorganised, with the changes often imposed unilaterally by governments.

Fragmentation has taken place in Member States that have introduced more flexibility into their multilevel bargaining processes. It has also taken place in countries such as the central and eastern European Member states whose bargaining processes were predominantly at company level. The common trend towards decentralisation and flexibility in collective bargaining processes has not been uniform.

The already existing differences between collective bargaining regimes have widened since 2008. A pattern of growing polarisation between national collective bargaining systems emerges when countries are grouped by the degree of coverage. The group with a very high coverage rate of more than 80% of the labour force has been relatively stable and has included Austria, Belgium, Denmark, Finland, France, the Netherlands, Slovenia and Sweden over the entire period. A second group, with a high rate of coverage of between 60% and 80%, included Croatia, Cyprus, Germany, Greece, Italy, Luxembourg, Portugal and Romania at the end of the 1990s. This level of coverage has eroded significantly during the last two decades, and only four countries today – Croatia, Italy, Malta and Portugal – achieve it.

The aggregate impact of change on collective bargaining is estimated according to a typology that classifies countries by the nature of their industrial relations system. The growing polarisation and strong diversity within the Centre-West, South and Central-East clusters is apparent. In particular, in the Central-East cluster, internal diversity is apparent,

ranging from countries where stability has prevailed to those where change has had a strong impact.

Collective bargaining has been shown to have important potential to increase sector and company competitiveness and productivity, as well as enabling businesses to adapt to global challenges. In order to foster this role in accomplishing the development of the EU single market, policymakers should take action to support collective bargaining as an important asset of the EU social model.

2.3. The influence of the Troika on the erosion of collective bargaining in Portugal: changing rules and outcomes by Maria da Paz Campos Lima, Lisbon University

Ms Campos Lima described the measures of the Memorandum of Understanding that influenced the collective bargaining system in Portugal and summarised the impact of the reforms on the private and public sector. She also gave an overview of the post-Troika situation and the new political cycle.

Before the Troika intervention, the European institutions had not interfered with national collective bargaining and wage setting. Under the Troika intervention, in the name of improving wage competitiveness and flexibility, the Portuguese coalition introduced measures that blocked collective bargaining in the public sector and that reconfigured the legal framework of collective bargaining in the private sector including further decentralization, derogations from industry agreements at the work place, stricter extension procedures, and the reduction of validity of agreements after expiring. Measures increasing working time, reducing overtime payment and creating individually negotiated working-time accounts were imposed, prevailing over collective bargaining. Last but not least, temporary measures, such as freezing the minimum wage and nominal cuts in public sector wages, were in force for around four years. The freezing of minimum wage had an important impact on minimum income, especially for low wage earners.

The impact of these policies was a breakdown in the number of renewed sector collective agreements and a dramatic decline of workers' coverage from 50% to 10%, while the number of company-level agreements remained stable. These developments prevented the great majority of workers from receiving wage increases, contributing to increased poverty and inequality. In the public sector the measures led to a significant reduction of income and increase of working time.

In a new political cycle, the socialist government supported by the far left in the parliament in November 2016 announced and already took moderate steps to recover households' and workers' income, gradually reversing nominal cuts in public sector wages, implementing the return to the 35 hours working week, and gradually increasing the mandatory minimum wage. The government program showed the commitment to enhance collective bargaining in the public sector, including on wages and working time. It also, more generally indicated an approach to collective bargaining that favoured inclusiveness and stability, through promotion of regular sectoral bargaining and extended coverage and improvement of company-level agreements.

2.4. The state of play of collective bargaining in Romania by Aurora Trif, Dublin City University

Ms Trif presented the state of play of collective bargaining in Romania and outlined the impact of the austerity measures, the implications for workers and social partners and made suggestions on how to address the issues.

She noted that a radical change took place since the 2008 crisis, which led to different levels of change in industrial relations in the EU Member states, with Romania being an extreme case of decentralisation of collective bargaining. Although unemployment and labour market rigidity was not considered a cause of the crisis in Romania given that so many people left the country (-8.1% of the labour force between 2008 and 2014), the increase of labour market flexibility was a precondition for getting financial assistance from the Troika, from which Romania borrowed approximately 20 billion euro in 2010 to deal with the budget deficit. This international agreement gave legitimacy to the centre-right government for unilaterally introducing two main sets of austerity measures that affected collective bargaining, namely

- substantive measures aiming at reducing public debt in 2009 2010, through cutting wages in the public sector by 25% (gradually recovered since 2012), plus cutting other benefits, plus obliging employees to take 10 days off, which led to income cuts of 30-50% for them; and
- procedural measures seeking to deregulate the labour market in 2011 the major effect of Troika intervention - through its long-term consequences on collective bargaining.

These measures led to the dismantling of the multi-layered collective bargaining mechanism. They also brought a transformation of the regulatory framework from a statutory system that supported collective bargaining at the national, sectoral and company levels to a system prohibiting collective bargaining at the national level and reducing it by 60% at the sectoral level, which has greatly increased the prerogatives of employers and managers to unilaterally set the terms and conditions of employment. Despite labour shortages due to massive emigration since 2007 and trade unions' resistance in some large companies, the downgrading of individual and collective employment rights has led to a massive decline in collective bargaining coverage (from 98% in 2010 to 35% in 2014) and to worsening employment conditions for most employees. In addition, an increasing fragmentation and division of both sides of the social partners has taken place which cut their influence considerably, so that the government can impose changes unilaterally, regardless of its political colour.

Prospects for reviving the collective bargaining system could be sought

- by changing legislation to conform to ILO conventions (although the Troika tried to restrict these legal changes to a minimum);
- by beginning to mobilise employees, such as the employees of Dacia-Renault, which has the strongest union in the country, whom succeeded to get an increase in wages by more than 10% in 2008 through a 16-day strike; and
- by enhancing the legitimacy of trade unions through giving them more support (e.g. training, financial support).

2.5. Influences on collective bargaining in Ireland 2008 - 2015 by Peter Rigney, Irish Congress of Trade Unions

Mr Rigney traced the development of collective bargaining structures in Ireland (from 1939 to present) and presented the main findings regarding the effects of the Troika's intervention in Ireland.

Ireland's system of centralised wage bargaining (in place since 1987) had collapsed in 2009 before the arrival of the Troika. Collective bargaining changed from national level to enterprise and in some cases to sectoral level.

8

The Memorandum of Understanding placed two demands on Ireland in the area of collective bargaining. One demand was to cut the minimum wage (established since 2000) and the other was to 'reform' sectoral wage-setting, especially in regard to universal legally binding agreements. The minimum wage was cut in February 2011 (which was only applicable to new hires) but this cut was reversed in July after the change of government, a fact which the Troika did not object to.

The process of sectoral wage setting was not affected by the Troika, but by decisions of the Irish courts instead. Relevant court cases were Ryanair (2007), Grace (2011) and McGowan (2013), which declared unconstitutional the process of sectoral wage setting in low-paid sectors through Joint Labour Committees, and the process of registering negotiated agreements ("Registered Employment Agreements") with the labour courts to make them legally binding. New legislation was formulated in 2012 and revised in 2015 to address these court findings and the Troika took an interest in the format of the legislation. However, the possibility to derogate from legally binding sectoral agreements as contained in this new legislation due to inability to pay, as required by the Troika, was never used in practice, as it would have led to bankruptcy for the employer making use of it.

Collective bargaining at the enterprise level continued, yielding roughly 2% wage increase per annum.

In the public sector, the Croke Park Agreement, which ran from 2010 to 2014, legalised a previous unilateral 5-10% pay cuts in exchange for no further wage cuts or dismissals, despite the critics of the Troika. After its expiry, no further wage cuts were implemented, but there were some increases in working hours and a freeze on annual increases.

2.6. The Greek system of collective bargaining during the economic crisis by Aristea Koukiadaki, University of Manchester

Ms Koukiadaki presented the repercussions of the financial and economic crisis on the labour market in Greece and described the impact of the structural reforms on intersectoral bargaining, sectoral bargaining, company bargaining, the number of collective agreements, the number of arbitration decisions, the content and outcomes of bargaining, and wages.

Under pressure from the IMF, the European institutions and EU Member states, the Greek system of collective bargaining had undergone wide-ranging and radical regulatory changes since 2010. The emphasis on changes to wage-determination and collective bargaining corresponded with pre-existing demands from employers in the pre-crisis time.

Empirical evidence suggested that the changes in the regulatory framework had led to a significant contraction of higher-level collective bargaining. The erosion of the national general collective agreement had abolished its coordinating function for sectoral or lowerbargaining, employers were unwilling to participate level as in Sectoral bargaining collapsed in most sectors and bargaining had become adversarial with a more aggressive stance on the employers' side, which led to trade unions having to agree to trade-offs between preserving agreements and wage cuts. This had initiated a process of disorganized decentralization, especially at the company level where company-level agreements could now derogate in worse from sectoral agreements and associations of persons were allowed to negotiate instead of trade unions. This had brought the bargaining system to the brink of collapse.

Arbitration decisions had fallen steeply, and the impact of these structural reforms on content and outcomes of collective bargaining was detrimental not only to workers (through downward wage pressure: -23.6% reduction in real compensation between 2010 and 2014 and through reduced bargaining coverage: from 80% in 2008 to 40% in 2015), but also to

the labour market as such (through increased labour market dualism, especially for young and old workers and non-standard forms of employment) and to employers, who were increasingly concerned about wage competition between firms. Partly, these far-reaching changes were due to the lacking involvement of social partners in the loan agreements with the Troika.

Overall, these developments pointed to a fundamental redrawing of the regulatory boundaries between joint regulation by employers and trade unions, state regulation and managerial unilateralism, with implications for both the relationship between the industrial relations actors but also for their role within the collective bargaining system.

Emerging demands on the part of both employers and unions for preservation of multi-level bargaining together with a greater willingness on the part of the state to provide legal institutional support to the bargaining process have the potential to halt or potentially reverse some of these trends. These processes depend on the extent to which a policy of 'regulated austerity' will continue to be upheld in Europe. In this regard, the question was how the Euro Summit's statement of 13 July 2015 to "review the existing framework of collective bargaining taking into account best practices elsewhere in Europe" was to be interpreted.

2.7. Roundtable of experts and discussion with Members

After the presentations, several aspects were discussed in more detail. Among these were the role of collective bargaining in promoting investments and demand, as well as the impact of the different institutions that comprise the Troika and in particular the European Commission. It was pointed out that while the ECB was limited by its mandate to maintain price stability and the IMF took a pragmatic approach, it was the European Commission that should be concerned and involved in increasing employment and demand, not only in the countries subject to economic adjustment programmes, but in all Member states.

There was clear concern about a growing grey labour market in Greece. This was considered an externality resulting from the post-crisis reforms. Greece has a particular economic system with a high percentage of SMEs and based on domestic demand and consumption, where collective bargaining reforms seem to have boosted the grey economy: SME employers tended to lower wages and add a black payment, which ultimately resulted in cost to the State.

The situation in the non-Eurozone Member states such as Latvia and, in more detail, Romania was discussed further. In some post-Soviet Member states like Latvia, there was no functioning collective bargaining system in the pre-crisis period. Romania by contrast had a large proportion of collective bargaining coverage in the 90s through its national agreement on minimum standards applying to all employees, which significantly decreased after the change of regime. Neither can this large coverage be re-established as many employers chose to not register themselves for bargaining collectively any more, which led to the problem that trade unions did not have partners to negotiate.

In Greece the system of collective bargaining seemed to be at a risk of collapsing, which was unintuitive given recent research showing that higher-level collective bargaining leads to more wage moderation. Despite some of the measures introduced by Troika being temporary, they have produced permanent effects in many areas. Although there were some positive signs to reinstate collective bargaining and reinforce social dialogue, the process was complex and depended on all social actors. One example was that employers' organisations had significantly lost members and this lacking organisational capacity could not easily be reinstated.

The general question arose whether collective bargaining could be restored to its pre-crisis level as a strong element of the labour market, or is fading out. Mobilisation of the unions, as observed in Ireland, was seen as one potential solution.

More generally, two opposing tendencies were identified. On one hand, the domestic actors such as employers and employees who favour fair competition, a degree of certainty and regulation, would broadly support a return to sectoral collective agreements. On the other hand there were the multinationals, which played a key role in changing the legislation in the area, and have a different perspective and interest than the national stakeholders. Therefore there is a need for international regulation applying to multinationals. In that sense, restoring the collective bargaining system may require deepening the cooperation beyond national level.

In general it was remarked that it is easy to destroy an existing system, but difficult to rebuild it in terms of power relations, especially given the more unfavourable position of the workers' side. Positive signs were observed in Portugal, for instance the steps taken by the left government in the public sector aiming at reversing the wage cuts and increasing the minimum wage. Although considered as a step in the right direction, more efforts were needed. According to some views all the measures imposed by the Troika should be reversed in full. Following that, a period of discussion should be devoted to elaborating better formulas for increasing collective bargaining coverage, based on experience and good practices, and give a signal that on the long run, it did not pay out if employers' organisations played trade unions against each other. Despite the difficulties stemming from among others the political sensitivity of these measures, it should be recognised that the austerity measures were temporary and exceptional and should not become the norm.

There are various reasons for inequality: one of them is a weakness of collective bargaining: According to some authors the evolution in wages and inequality in the USA as well as in the UK is related to the breakdown of sector collective bargaining. Against this background it is important to coordinate efforts between economic players and at different levels as well as between trade unions in different countries, especially as the narrative from the Troika measures is still present e.g. in the European semester recommendations. Increasing the awareness of the problem should facilitate its solution.

2.8. Closing remarks

The chair thanked the experts for their valuable input, and openly expressed his shock at the extent to which established collective bargaining systems had been dismantled. He warned against the further effects on wages and the social situation which will only reveal itself in the Member States in the two years to come. He also reminded the audience that it was not only the crisis countries affected by these changes, but also the rest of the EU. The co-chair affirmed that collective bargaining was an important instrument for the EU to make a difference and voiced her expectation that EMPL Members across the political spectrum would be eager to scrutinise the consequences of Troika intervention; therefore the topic was likely to come back onto the agenda of the full committee.

3. BACKGROUND CONTRIBUTIONS

3.1. Presentation of the Eurofound report on Development in collective bargaining and social dialogue in the 21st Century

Contribution by Ricardo Rodríguez Contreras

Abstract:

Collective bargaining systems in the EU have undergone a steady change since the end of the 1990s. But as businesses across Europe struggle to respond to intensifying global competition, pressure from employers for greater flexibility in collective bargaining is increasing, especially since the 2008 economic crisis. This report sets out to map developments in all major aspects of collective bargaining (apart from pay and working time, which have been analysed separately by Eurofound) over the past 15 years. In doing so, it aims to distinguish long-term trends and to identify changes brought on by the crisis. It also aims to identify the directions collective bargaining is likely to take in the coming years. The study finds a common and strong trend of convergence across the EU towards decentralisation and more flexibility in collective bargaining processes, but with significant asymmetries in the timing and pace of change.

Collective bargaining systems and practices in the EU have come under some pressure in recent years, particularly following the 2008 financial crisis. However, apart from a few exceptional cases of stability, most EU Member States have been undergoing significant changes in their systems and practices of collective bargaining since before the crisis. In addition, even with regard to long-standing and common trends such as decentralisation, these changes are characterised by marked differences at national level: in pace, content and coordination as well as in the role played by the government. Recent research from Eurofound traces key trends and developments in collective bargaining in Europe from the 1990s to the present (Eurofound, 2015c).

In most EU Member States, there is a general climate of uncertainty and a growing feeling of standing at a crossroads with regard to the future of collective bargaining. Nevertheless, it is widely acknowledged that collective bargaining provides a solid foundation for progress and growth in the EU Member States, not only due to the hard core function of setting wages and working conditions, but also as an intangible *value* of industrial relations, building up mutual trust between actors, easing the settlement of labour and industrial disputes, and contributing to general macroeconomic development at national level and to the performance of business.

Collective bargaining has been shown to have important potential to increase sector and company competitiveness and productivity, as well as enabling business to adapt to global challenges such as technological shift. In order to foster this role in accomplishing the development of the EU single market, policymakers should take action to support collective bargaining as an important asset of the EU social model.

Acceleration of change

There has been a process of steady change in collective bargaining systems and processes since the late 1990s; this has accelerated since 2008, affecting all countries and not just those that experienced the worst effects of the crisis. In fact, the significant shifts towards more decentralised bargaining systems in many Member States started within a context of relative stability before the crisis, with countries in southern Europe catching up on developments that had already unfolded in other countries. Significantly, while the

decentralisation of multilevel bargaining systems and practices in the Nordic countries and western continental Europe was implemented gradually in a coordinated way – mostly based on tripartite consultation and concertation – before 2008, the shift in countries such as Greece, Portugal, Spain and Romania was much more abrupt and disorganised, with the changes often imposed unilaterally by governments.

Process of fragmentation

This process (often described as 'individualisation' or 'fragmentation') is widespread. It has taken place in Member States that have introduced more flexibility into their multilevel bargaining processes by implementing mechanisms to allow deviations from sector-level collective bargaining agreements (such as limiting or preventing extension mechanisms and allowing temporary opt-outs) and to orientate wage negotiation towards company level. It also has taken place in countries, such as the central and eastern European Member States, whose bargaining processes were predominantly at company level. And it has finally also become a stronger reality in those countries that until the 2008 crisis resisted this trend.

The common trend towards decentralisation and flexibility in collective bargaining processes has not been totally uniform. There have been moves in different and even opposite directions. To explain these divergent developments, it is important to consider the differences in the point of departure (particularly the degree of flexibility from the company point of view), the organisational strength and influence of key actors as well as the external pressure (such as unemployment, competition and the financial state of companies). Despite all these asymmetries, however, the underlying trends result from an increasing economic pressure on companies, sectors and countries and the need to adjust labour costs and improve productivity.

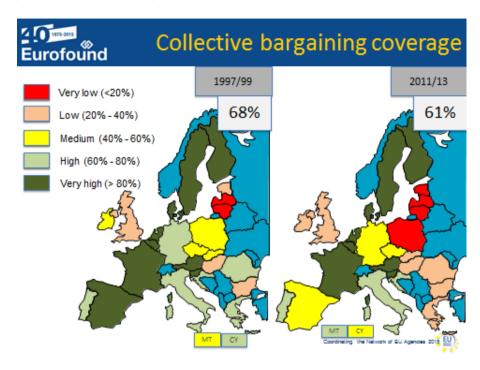
Growing polarisation

The already existing differences between collective bargaining regimes have widened since 2008. These differences arise from distinct industrial relations models: those shaped by comparatively high organisational strength of social partners, stable and influential social dialogue structures, practices and institutions, and a broad collective bargaining agenda, and those where industrial relations actors, processes and outcomes are weaker.

Perhaps the most dramatic indicator of growing discrepancies is the change in collective bargaining coverage rates since the late 1990s. A pattern of growing polarisation between national collective bargaining systems emerges when countries are grouped by the degree of coverage. The group with a very high coverage rate of more than 80% of the labour force has been relatively stable and has included Austria, Belgium, Denmark, Finland, France, the Netherlands, Slovenia and Sweden over the entire period. A second group, that with a high rate of coverage of between 60% and 80%, included Croatia, Cyprus, Germany, Greece, Italy, Luxembourg, Portugal and Romania at the end of the 1990s. This level of coverage has eroded significantly during the period, and only four countries today – Croatia, Italy, Malta and Portugal – achieve it.

The group of countries with collective bargaining coverage of less than 40% experienced the strongest growth in numbers (from six to eleven). It comprised Bulgaria, Estonia, Hungary, Latvia, Lithuania and the UK in the late 1990s, and now also includes Greece, Ireland, Poland, Romania and Slovakia. As a result of this transformation of the collective bargaining landscape, 4 out of 10 employees in the EU today are not covered by collective agreements, as shown in the figure below.

Comparison of collective bargaining coverage rates in EU Member States, 1997–1999 and 2011–2013



Varying patterns of change

The table shows the aggregate impact of change on collective bargaining according to a typology that classifies countries by the nature of their industrial relations system. Although a more detailed assessment may show variance from case to case, the growing polarisation and strong diversity within the Centre-West, South and Central-East clusters is apparent. In particular, in the Central-East cluster, the internal diversity that ranges from countries where stability has prevailed to those where change has had a strong impact is remarkable.

Three general patterns of change since the end of the 1990s that affected the industrial relations clusters quite differently may be identified.

- 1. *Gradual adaptation* characterises all countries in the North cluster and most in the Centre-West group (apart from Germany), as well as the majority of countries in the South and Central-East clusters.
- 2. Accelerated change characterises a much smaller group of countries consisting of Germany, Portugal and three Central-East countries.
- 3. Crisis-induced change, an abrupt pattern of change, has taken place in those countries in the Centre-West, South and Central-East clusters that were most severely hit by the crisis.

3.2. The influence of the Troika on the erosion of collective bargaining in Portugal: changing rules and outcomes

Contribution by Maria da Paz Campos Lima

KEY FINDINGS

- Under the Troika intervention, the Portuguese centre-right coalition introduced measures that blocked and undermined collective bargaining in the public sector and that reconfigured the legal framework of collective bargaining in the private sector including further decentralization, derogations from industry agreements at the work place, stricter extension procedures, and the reduction of validity of agreements after expiring. Measures increasing working time, reducing overtime payment and creating individual working time account were imposed, prevailing over collective bargaining. Last but not least, temporary measures, such as freezing the minimum wage and nominal cuts in public sector wages were in force for around four years.
- The impact of these policies was a breakdown in the number of renewed sector collective agreements and a dramatic decline of workers' coverage, while the number of company-level agreements remained stable. These developments prevented the great majority of workers from receiving wage increases, contributing to increased poverty and inequality. In the public sector the measures led to a significant reduction of income and increase of working time. While those who defend such measures and their continuation claim that Portugal needs to improve the mechanisms to enhance downward wage flexibility, the evidence suggests that such purpose would have extremely negative effects not only on the wellbeing of the working population, but also on economic growth and employment creation.
- The new political cycle initiated with the socialist government supported by the far left in the parliament in November 2016, announced and already took moderate steps to recover households' and workers' income, gradually reversing nominal cuts in public sector wages, implementing the return to the 35 hours working week, and gradually increasing the mandatory minimum wage. The government program shows the commitment to enhance collective bargaining in the public sector, including on wages and working time and in general, an approach to collective bargaining that favours inclusiveness and stability, through promotion of regular sectoral bargaining and extended coverage and improvement of company-level agreements.

1. THE MOU CHALLENGES TO COLLECTIVE BARGAINING AND THE NATIONAL POLICY UNDER THE CENTRE RIGHT COALITION

Collective bargaining measures preceding Troika intervention (2008-2011)

When the global financial crisis broke out, significant labour market reforms promoted by the government of the Socialist Party (PS) were already underway in Portugal, including substantial changes in the legal framework of collective bargaining: the Labour Code 2009 and new legislation on the public sector employment relations (Campos Lima and Naumann, 2011; Dornelas, 2011). These changes aimed at improving collective bargaining decentralization, including new topics in collective bargaining and limiting the period of validity and survival of collective agreements.

The main changes introduced by Labour Code 2009 were the following:

- Definition of a number of areas where collective agreements (CAs) could not establish less favourable rules for employees than those defined by law.
- New working time arrangements such as group adaptability and working time account and concentrated timetable schemes to be defined by CAs.
- Possibility of CAs to define overtime payment and compensatory rest time for overtime work.
- Trade unions entitled to mandate non-union workers representatives to negotiate firm level agreements, in the case of companies with at least 500 employees.
- New rules on the survival of CAs reducing the period of validity and foreseeing compulsory arbitration proceedings related with their lapsing.

Law 59/2008 defined the new regime of employment contracts in the public sector which included, for the first time, the right to negotiate CA, having the same legal standing as private sector agreements, although regulating a more limited range of issues. Working time limits and working time adaptability became issues to be regulated by CA in the public sector.

In the first phase of the austerity cycle corresponding to emergence of the fiscal stage of the crisis (Caldas, 2012; Pedroso, 2014), initiated in 2010, the PS government issued new measures and proposals with implications on collective bargaining: in the public sector, blocking collective bargaining over wages, freezing wages and careers and introducing nominal cuts on wages above 1500 Euros (State Budget 2011); in the private sector, planning further decentralization of collective bargaining. The tripartite agreement signed on 22 March 2011, with the support of all the social partners - with the exception of CGTP - envisaged the possibility of derogation from higher level agreements, and of lowering the firm size threshold above which it was possible to conclude firm-level agreements negotiated by non-union workers' representatives. However, this tripartite agreement was not translated into political measures, as the prime minister resigned, following the rejection by the national parliament, on 23 March 2011, of the proposal of a fourth austerity package (Campos Lima and Martin Artiles, 2011).

Troika demands with incidence in collective bargaining

The demands of the <u>Memorandum of Understanding on Specific Economic Policy Conditionality</u>, (MoU), signed on 17 May 2011, interfered with collective bargaining in four domains: public sector wages; working time arrangements and overtime payment, minimum wage and structural reforms of collective bargaining framework (Table I).

Despite the official proclaimed objectives, all in all, these measures aimed at overcoming the so-called "downwards wage rigidity" and reduce labour costs. They ignored the critical importance of sector bargaining and extension procedures in Portugal and the weakness of unions and workers representation at company level. According to the ICTWSS Database (2015) trade union density stands around 18,5% and only 8% of the establishments have an official structure of employee representation, the lowest in EU member states (European Company Survey of 2013/Eurofound). Moreover, the requirement of company-level agreements negotiations without a mandate from the unions – forbidden by the Portuguese Constitution that establishes that only the unions have the prerogative of collective bargaining – would be a step further to weaken the trade unions. In short the result would be "disorganized decentralisation".

Table 1: Objectives and measures of MoU with implications on collective bargaining

Objectives	Specific policies
Ensure that the aggregate public sector wage bill as a share of GDP decreases	Fiscal Measures Freezing wages in the government sector in nominal terms and constraining promotions.
Contain employment fluctuations over the cycle, accommodate differences in work patterns across sectors and firms, and enhance firms' competitiveness	Labour Market Measures Working time arrangements: Enable the adoption of 'bank of hours' working arrangement by mutual agreement between employers and employees negotiated at plant level; Reduction of minimum additional pay for overtime; Elimination of the compensatory time off for overtime work.
Job creation and enhanced competitiveness. Promote wage adjustments in line with productivity at the firm level	Wage setting and competitiveness: Limiting the increase in the minimum wage (only when justified by economic and labour market developments); Define clear criteria to be followed for the extension of collective agreements including the representativeness of the negotiating organisations and the implications of the extension for the competitive position of non-affiliated firms; Desirability of shortening the survival of contracts that are expired but not renewed; "Organised decentralisation": Implement the possibility for works councils to negotiate functional and geographical mobility conditions and working time arrangements; and lowering of the firm size threshold above which works councils can conclude firm-level agreements to 250 employees (included in the tripartite agreement 2011); Promote the inclusion in sectoral collective agreements of conditions under which works councils can conclude firm-level agreements without the delegation of unions.

Source: Memorandum of Understanding on Specific Economic Policy Conditionality.2011.

The implementation of MoU and the measures of the centre-right coalition:

The MoU was signed by the Troika and the interim government of the Socialist Party (PS), with the agreement of the centre-right parties Social-Democratic Party (PSD) and Democratic and Social Centre (CDS). But it was the centre-right coalition PSD-CDS, in power since June 2011, that was to implement the policy requirements of the MoU. Therefore, the new cycle of austerity coincided with a new political cycle. The requirements of the MoU and the agenda of the new government in office from 2011 until 2015 were to a large extent aligned with one another. In short, the new European Interventionism (Schulten and Müller, 2013) was welcomed and pushed further by the centre-right government.

Under Troika intervention, the Portuguese centre-right coalition introduced not only the measures envisaged in the MoU but also a number of measures that blocked and undermined collective bargaining in the public and in the private sector.

In the **public sector** the government froze nominal wages following MoU requirements on fiscal policy and in addition imposed new measures to reduce labour costs which were not explicitly part of the MoU, but were 'justified' as a form of complying with the MoU public deficit targets:

- During four years (2011- 2014) nominal wages above 1500 euros were cut down between 3.5% and 10%.
- In 2011, Christmas bonuses were cut by 50%; and in 2012 Christmas and holiday bonuses (equivalent of two months' salary) were suspended.
- In 2013, the government increased the weekly working hours from 35 to 40 hours with no equivalent wage increase (Law 68/2013).
- The government blocked, in 2014 and 2015, the CAs signed in local administration for a return to the weekly working time of 35 hours. Claiming the right to interfere on collective bargaining in local administration, the government blocked around 500 collective local agreements during this period. In October 2015, the Constitutional Court declared unconstitutional the government's interference in collective bargaining in local administration (Judgment 494/2015).

Basically, the centre-right coalition implemented the MoU requirements with a focus on labour market, wage setting and competitiveness:

- The mandatory minimum wage was frozen (2011-2014).
- It became possible (<u>Law 23/2012</u>) that sector CA define that regulations in domains such as functional and geographical mobility, working time and wages may be set up by CA at another level, including company level (principle of open clause).
- The threshold company size above which non-union workers' representatives can conclude CA was reduced to 150 employees (<u>Law 23/2012</u>).
- The extension of CA was blocked and new rules came into force introducing strict conditions whereby extension could only be possible if employers' organisations employ more than 50% of all employees in the industry concerned (Resolution 90/2012).
- Overtime payment was reduced by half (Law 23/2012).
- Working time accounts, which before were only regulated by CA, could now be agreed individually between employers and employees (<u>Law 23/2012</u>).
- The period of validity of CAs was reduced from 5 to 3 years, and the survival (sobrevigência) period was reduced from 18 to 12 months; and Law 55/2014 established the possibility of suspending temporarily CAs in companies in crisis when indispensable to the company survival or the maintenance of jobs.

However the principle of trade-union delegation for the company-level negotiations, a Portuguese Constitution *obligation*, was not broken as required by MoU.

In addition, the government decided the following **measures not envisaged** by the MOU:

- Introducing *de facto* unpaid working time through the reduction of the vacation period by three days and the cut of four public holidays, both without income compensation, in the private (Law 23/2012) and in the public sector (Law 35/2014).
- Establishing the nullity of the provisions of CAs providing for amounts higher than those resulting from the Labour Code in relation to severance pay.

 Suspendinged for two years the provisions of CAs providing for overtime payment increases higher than those established by the Labour Code (<u>Law 23/2012</u>), a period extended again by <u>Law 48-A/2014</u>.

In the last quarter of 2014, under the pressure of trade unions and employer confederations, and when national elections were about to take place, the government took some steps to regain popularity: the increase of the minimum wage up to EUR 505 (Decree-Law 144/2014) and introduction of less strict rules on extension of CA (Resolution 43/2014). The new rules set up by this resolution clearly facilitated the extension of CA insofar as extension became possible on the basis of less strict criteria of representativeness of employers' associations, i.e. as an alternative to the 50% share of employees in the sector, that at least 30% of the membership of the employers' association had to consist of micro, small and medium enterprises.

2. IMPACTS

The measures introduced in line with MoU requirements had a differentiated impact in collective bargaining developments and reduction of labour costs. First of all, the measures regarding decentralization such as the company-level negotiations with non-union worker representatives and derogation of industry level agreements did not have any impact, because CAs of these two types were not signed. The most significant and negative impact on collective bargaining resulted from freezing the minimum wage and introducing stricter criteria for the extension of collective agreements. As to the new rules on expiry and validity of CAs, the trends in 2015 raise concern as the number of employer requests for termination of agreements increased. In the public sector the MoU demand of freezing nominal wages had a considerable impact. As to the measures not envisaged by the MoU with incidence in the public and the private sector they had, as well, a considerable impact undermining collective bargaining and reducing labour costs.

The debate on the impact on collective bargaining has raised controversy. While EurWORK and ILO analyses have pointed to a dramatic crisis of collective bargaining in Portugal (Campos Lima, 2013; ILO, 2014) some authors argue that the number of workers covered by new and existing agreements has been largely unaffected by the economic crisis and view the reduced frequency of new agreements and extensions as an aspect of downward nominal wage rigidity in deflationary times. They argue that coverage under existing agreements (and operational extensions), i.e., the "stock coverage", has remained basically unchanged (Adisson, Portugal and Vilares, 2015).

However, what is clear is that the impact of a strategy of "downwards wage flexibility" - including the various measures of the MoU and in particular the restriction of extension procedures - and the employers' reticence to enter into new agreements that would not be extended - had a severe impact in the sharp decline of sector agreements renewal and coverage (flow).

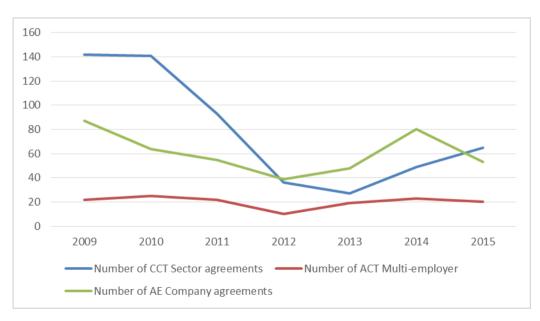
Table 2: Flow of CAs by type, extension and coverage - (2009-2015)

	2009	2010	2011	2012	2013	2014	2015
Number of CCT Sector agreements	142	141	93	36	27	49	65
Number of ACT Multi-employer	22	25	22	10	19	23	20
Number of AE Company agreements	87	64	55	39	48	80	53
Total number of CAs	251	230	170	85	94	152	138
Number of Extension ordinances	102	116	17	12	9	13	36
Workers covered (thousands)	1397,2	1407,1	1242,2	404,8	241,5	246,6	568,9
Total Employment (wage earners)_QP (thousands)	2 759,4	2 599,5	2 553,7	2 387,4	2 384,1	2 458,2	_
Coverage rate flow (%)_QP	50,6	54,1	48,6	17,0	10,1	10,0	_
Total Employment (wage earners)_INE(thousands)	4091,7	4066,2	3985,3	3795,3	3711,1	3788,5	3792,3
Coverage rate flow (%)_INE	34,1	34,6	31,2	10,7	6,5	6,5	15,0

Source: Author calculations with basis on GEE/ME, Quadros de Pessoal (QP) 2009-2014 (private sector only), INE/Contas Nacionais (all employment) and DGERT/Relatórios sobre Regulamentação Coletiva (2009-2015).

While the coverage rate of CA flow (CA renewed and new agreements), based on the number of wage earners estimated by Statistics Portugal (INE), represented an average of 1/3 of wage earners before 2012, it dropped down to 10,7% in 2012 to reach its minimum level of 6,5% in 2013 and 2014, with a slight recovery in 2015 up to 15%. The slight recovery in 2015 follows the new, less strict extension procedures introduced in the last quarter 2014. Furthermore, the increase of the mandatory minimum wage had certainly played a role, in particular in sectors where it is the reference for the lowest category in the wage scale (Table 2, Figs. 1 and 2). At the same time, the increase of the number of workers covered in 2015 reflects the weight of sector bargaining comprising a large number of employees, among them the construction sector which alone encompasses 104,048 workers.

Figure 1: Flow of CAs by type - (2009-2015)



Source: DGERT/Relatórios sobre Regulamentação Coletiva (2009-2015).

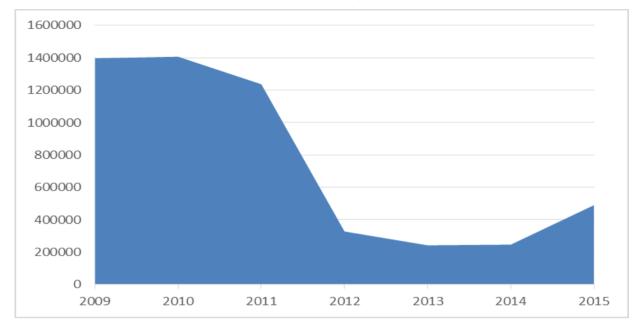


Figure 2: Workers covered by flow of CAs - (2009-2015)

Source: DGERT/Relatórios sobre Regulamentação Coletiva (2009-2015).

As some of the CA negotiated did not update wages, the coverage rate of CA with wage updates has been even lower than the general coverage of CA. Therefore, when we look at the wage trends we have to have in mind that only a very limited proportion of workers were encompassed by the limited wage updates in this period: 8,1% in 2012; 5,0% in 2013; and 5,6% in 2014 (INE). These developments certainly contributed to the increase of poverty and inequality in Portugal (European Parliament, 2015).

In addition to these negative trends regarding wages, resulting from MoU requirements, it is also relevant to consider the impact of the measures not envisaged by the MoU. A recent study (Leite et al, 2014) estimated the impact of the Labour Code measures introduced in 2012 on workers income concluding that, after one year, a worker receiving the average wage in Portugal of 962,4 euros would have lost between 351.4 and 466 euros as a result of the overtime payment reduction, the end of four public holidays and the elimination of three days of vacation. In relation to the public sector another study estimated that the government savings resulting from the income loss of public sector workers in the period 2011-2014 with wage and career freezing and nominal wage cuts, career freezing, non-paid work related with working time increase, and overtime payment cuts was equivalent of 5,745 million euros (Rosa, 2014).

Table 3: Flow of CAs and wage trends - (2009-2015)

	2009	2010	2011	2012	2013	2014	2015
Workers covered by wage update (thousands)	1303,5	1294,6	1202,9	306,2	186,6	213,7	495,1
% of workers covered by wage update in relation to CA coverage	93,3	92,0	96,8	75,6	77,2	86,7	87,0
% of workers covered by wage updates/total employees (QP)	47,2	49,8	47,1	12,8	7,8	8,7	_
% of workers covered by wage updates/total employees (INE)	31,9	31,8	30,2	8,1	5,0	5,6	13,1
Average life-time of wage scales	13,7	15,9	15,9	19,9	30,7	37,1	43,6
Average nominal wage increase %	2,9	2,4	1,5	1,4	1,0	1,0	0,7
Inflation	-0,8	1,4	3,7	2,8	0,3	-0,3	0,5

Source: Author calculations with basis on GEE/ME, Quadros de Pessoal (QP) 2009-2014 (private sector only), INE/Contas Nacionais (all employment) and DGERT/Relatórios sobre Regulamentação Colectiva (2009-2015).

Furthermore, the evolution of the stock of workers covered by CAs (not updated) in this period shows that the stock has not remained as unchanged as alleged by some authors (Adisson, Portugal and Vilares, 2015). In fact, their coverage rate declined from 61.0% in 2009 to 57.7% in 2014 (based on the number of wage earners estimated by INE). The decline of the general coverage rate reflects the decline of the number of workers covered by sector agreements.

Table 4: Stock of CAs by type, extension and coverage - (2009-2014)

	2009	2010	2011	2012	2013	2014
Workers covered by CCT (thousands)	2 122,6	2 035,1	1 979,5	1 775,8	1 752,6	1 802,1
Workers covered by ACT (thousands)	86,9	92,4	92,5	97,1	97,7	97,0
Workers covered by AE (thousands)	193,6	172,2	173,1	186,9	194,8	205,9
Workers covered by Ordinances	93,8	92,6	89,1	82,5	80,1	80,0
Total workers covered stock (thousands)	2 496,8	2 392,2	2 334,2	2 142,2	2 125,3	2 185,1
Coverage rate stock (%)_Total Employees QP	90,5	92,0	91,4	89,7	89,1	88,9
Coverage rate stock (%)_Total Employees INE	61,0	58,8	58,6	56,4	57,3	57,7

Source: Author calculations with basis on GEE/ME, Quadros de Pessoal (QP) (2009-2014), INE/Contas Nacionais and DGERT/Relatórios sobre Regulamentação Coletiva (2009-2015).

Eventually, it is important to consider the potential impact of the new rules about termination and survival of CAs on the future reduction of the "stock" of collective agreements and on the quality of the CAs. The evaluation of the impact of previous rules of Labour Code 2009 (Naumann, 2014) suggested that there was no need to reduce their periods even further, and flagged up some negative effects, e.g. allowing employers to replace previous agreements by less favourable ones, negotiated with ultra-minority trade unions. Trade unions are concerned about the new rules and highlight that the number of employers' requests for termination of CAs (denúncias) have been increasing, reaching 11 requests in 2015 (in relation to the CAs they subscribed with these unions). The number of notifications of expiry (avisos de caducidade) issued by the Ministry of Labour increased as well in 2015, up to 7 CAs.

3. THE NEW POLITICAL CYCLE: TURN THE PAGE ON AUSTERITY

On 26 November 2015, following the 4 October general elections,a government of the Socialist Party came into power, supported by the far left parties, the Communist party, the Green and the Left Bloc. This was the result of an unprecedented alliance – the first since the birth of democracy in Portugal four decades ago – that defeated the 12 days, short-lived minority government of the centre-right, appointed after the elections. The basis of the left alliance was to "turn the page" on austerity.

Among the measures announced and already taken are considered moderate steps:

- the recovery of households' and workers' income;
- · the gradual reversing of nominal cuts in the public sector wages;
- the return to the 35 hours week in the public sector;
- and the gradual increase of the mandatory minimum wage.

The new government's program shows the commitment to enhance collective bargaining in the public sector, including on wages and working time and, in general, a commitment with an approach to collective bargaining that favours inclusiveness and stability, through promotion of regular sectoral bargaining and extended coverage and improvement of firm level agreements. It reveals an understanding of the crucial role of collective bargaining to prevent poverty and inequality.

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3.3. The state of play of collective bargaining in Romania

Contribution by Aurora Trif

Abstract:

There has been a radical change of collective bargaining in Romania since the 2008 crisis. This contribution focuses on the impact of the Troika programme on collective bargaining institutions and its consequences for workers. It argues that the **structural changes required by the Troika** programme to increase labour market flexibility **contributed to the decentralisation of collective bargaining** and a **massive reduction of collective bargaining** coverage from 98 percent in 2008 to 35 percent in 2014, which in turn, led to worsening employment conditions for many workers, especially through lower wages and irregular working hours. The most significant attempt to redress this situation by amending the new labour laws to comply with ILO Conventions was opposed by the EU and IMF in 2012. Nevertheless, **trade unions had some success in organising workers in large retail and IT companies** and in mobilizing workers to achieve higher wages in the metal sector.

Introduction¹

The 2008 crisis led to different levels of change in industrial relations in the EU members' states, with Romania being an extreme case of decentralisation of collective bargaining. Although labour market regulation was not considered a cause of the crisis in Romania, the increase of labour market flexibility was a precondition for getting financial assistance from the Troika, from which Romania borrowed approximately 20 billion euro in 2010 to deal with the budget deficit. This international agreement gave legitimacy to the centre-right government to introduce unilaterally two main sets of austerity measures that affected collective bargaining, namely (a) **substantive measures** aiming at **reducing public debt** in 2009 and 2010, and (b) **procedural measures** seeking **to increase labour market flexibility** in 2011. These measures led to the dismantling of the multi-layered collective bargaining mechanism, which in turn, worsened the terms and conditions of employment for most employees.

Decentralisation and massive reduction of collective bargaining coverage

The main procedural reforms consisted of **downgrading individual and collective employment rights to increase the flexibility** of the labour market. The individual employee rights were reduced by the new provisions of the Labour Code adopted in 2011. First, the new provisions make it easier for employers to hire and fire employees (including lowering dismissal protection for union representatives) and to utilize flexible forms of employment contracts. Second, they increase employers' prerogatives to unilaterally modify the working time, including the right to reduce the working week (and the corresponding wages) from five to four days. Finally, the new provisions allow employers to set unilaterally the employees' workload, while previously employers had to consult unions. Thus, the downgrading of individual rights has undermined the role and influence of trade unions at company level, while **increasing the prerogatives of employers to unilaterally set employment conditions**.

Unless otherwise specified, the data used for this contribution is based on following paper: <u>Trif, A (2016) Social dialogue during the economic crisis: the survival of collective bargaining in the manufacturing sector in Romania</u>, ETUI.

Moreover, the **collective rights were slashed** by the Social Dialogue Act (SDA) adopted in 2011, which diminished fundamental collective rights of employees to organise, strike and bargain collectively. First, the SDA **forbids cross-sectoral collective bargaining**, which considerably diminished the role and influence of the unions and employers' confederations. Second, the provisions of the SDA made it very **difficult to negotiate sectoral collective agreements** and their number dropped by 60 percent. Furthermore, the lack of higher level collective agreements and the increase in representativeness criteria from 33 percent to 51 percent for company-level union to be eligible to negotiate collective agreements made it far more difficult to negotiate company-level collective agreements. Apart from a 20 percent reduction in the number of company level collective agreements between 2008 and 2014, there was a massive decline in the number of collective agreements negotiated by representative unions, while non-representative unions and elected employee representatives have negotiated more than 85 percent of collective agreements since 2011. Overall, collective bargaining **coverage declined from 98 percent in 2010 to 35 percent in 2014**².

Austerity measures led to worsening terms and conditions of employment

The Romanian centre-right governments introduced some of the most restrictive substantive measures in the EU, as part of the conditions required to get international financial assistance. In 2009, a new public wage law was introduced by the Government which reduced public salaries funds. Apart from changing the salary grids by tying all public sector employees to a wage scale defined in terms multiples of a base salary of 600RON (€142), the provisions of the new law obliged the management of public institutions to reduce personnel expenses by 15 percent in 2009. Additionally, in 2010, the Government decreased the salaries of public sector employees by 25 percent and cut other benefits. These measures reduced the budget deficit from 9 percent of GDP in 2009 to 3 percent of GDP in 2012, helping to achieve financial consolidation, but the budget savings were made at the expense of living standards. Although the 25 percent salary cuts was restored, approximately one in four public sector employees were getting the minimum wage in 2015.

Moreover, the **annual real compensation per employee** (private consumption deflator) for the entire labour force (including both public and private sectors employees) **has declined** by 7.4 percent in 2009, 4 percent in 2010 and 9 percent in 2011; there was an increase by 5.8 percent in 2012, while it remained relatively unchanged in 2013 and 2014³. With an average monthly income of less than 340 Euro between 2009 and 2014 (18 euro less than in 2008), low wages are the main concern of Romanian employees.

A qualitative study conducted in 2014 in six large manufacturing companies operating in the metal and food sectors indicated that the downgrading of employment rights has led to worsening employment conditions even in companies where unions have a strong hold. Four out of the six companies were recommended by the sectoral unions as 'best case scenario', as they had representative unions (over 50 percent union density) which negotiated collective agreements at the company level and unions had rather cooperative relations with the management team. In three of these four case studies, the employers did not utilize the provisions of the SDA to reduce collective employment rights but they used the new provisions of the Labour Code to alter the terms and conditions of employment. Despite no changes in collective bargaining procedures as such, , unions were unable to defend against a 40 percent labour force cut in one case, nor against the

² Visser, J (2015) ICTWSS database available at http://www.uva-aias.net/208.

³ European Commission (2016) Employment and Social Developments in Europe in 2015.

reduction of the working week from five to four days during the summer months in another case. Often, management used the new provisions of the Labour Code to employ new workers on fixed-term contracts. The qualitative findings indicate that employers are able to use the new legal provisions to worsen employment conditions but there is variation across companies depending on the attitude of employers towards employees, developments in collective bargaining in other large companies in the area, and unions' capacity to mobilize.

Limited success in reviving collective bargaining

There have been two sets of responses to address these issues, namely to modify the legislation and to organise and mobilise workers at company level. The most significant attempt to modify the labour laws was a **proposal by the central-left government** to amend the SDA (Law 62/2011) to comply with ILO Conventions in 2012. This proposal was **supported by the trade unions and the four largest employers' confederations** but it was **opposed by the Troika**. In their joint comments, the EC and the IMF stated

"[...] we strongly urge the authorities to limit any amendments to Law 62/2011 to revisions necessary to bring the law into compliance with core ILO conventions⁴."

The **EC** and the **IMF** opposed proposed changes concerning the **extension of national** and sectoral collective agreements. They were against changes that would make it easier for employees to take industrial action and also asked for further reduction in unions' influence, by limiting the legal protection of local employee representatives involved in collective bargaining. However, they agreed with the proposed changes of the local union representativeness criteria from over 50 percent to 35 percent and a reduction of the number of members required to form a union from 15 to 5. Nevertheless, none of the proposed amendments were introduced by the Government. There was a **minor change in the legislation in 2015** to allow representative sectoral union federations to sign a company-level collective agreement if there is no representative company-level union; previously federations could negotiate collective agreements together with employee representatives, but only employee representatives could sign the negotiated agreement. Thus, there has been very limited success in restoring the fundamental union rights, which is a precondition for genuine collective bargaining.

In order to fight against the deterioration of terms and conditions of employment, some unions managed to organise workers. In a recent investigation of six large manufacturing companies, the worst deterioration of employment conditions was in a case which was not unionized and where the hostile attitude of the senior managers towards middle managers and employees led to the creation of a new trade union. In other cases, unions in the retail and information technology sectors managed to unionize workers after 2008 in the Romanian subsidiaries of some multinational companies, such as Carrefour, Selgros, Alcatel-Lucent and WiPro, demonstrating that unionization is possible in the unfavourable context. While this study confirms that the stronger the unions are the more likely they are to maintain (or improve) the terms and conditions of employment, the findings suggest that to be able to do so, unions have to prove their capacity for mobilization during the recession. The union at the Dacia Renault Pitesti factory has increased the annual wage by 350 RON (80 euro), following a 16-day strike in 2008. Also, in another case, unions managed to resist the deterioration of employment conditions after proving their capacity to mobilize their members. That case has also shown that union involvement in the International and European Works Councils played a crucial role in preserving their

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⁴ Joint Comments of European Commission and IMF Staff, October 2012: 1.

strength, emphasising the importance of the international institutions for employees' representation.

Conclusion

The Troika's request to increase labour market flexibility as a precondition for getting financial assistance contributed to the dismantling of multi-layered collective bargaining mechanism in Romania. The **procedural measures led to a** transformation of the regulatory framework from a statutory system that supported collective bargaining at the national, sectoral and company levels to a so-called 'voluntary' system, which has greatly increased the prerogatives of employers and managers to unilaterally set the terms and conditions of employment. Despite labour shortages due to massive emigration since 2007 and trade unions' resistance in some large companies, the downgrading of individual and collective employment rights has led to a massive decline in collective bargaining coverage and to worsening employment conditions for most employees.

3.4. Influences on collective bargaining in Ireland 2008-2015

Contribution by Peter Rigney

KEY FINDINGS

- The MOU placed two demands on Ireland in the area of Collective bargaining. One demand was to cut the minimum wage and the other was to 'reform' sectoral wage setting especially in regard to universal legally binding agreements.
- The minimum wage was cut in February 2011 but this cut was reversed in July after the change of government.
- The process of reform of sectoral wage setting was affected by decisions of the Irish courts. New legislation was formulated to address these court findings and the Troika took an interest in the format of the legislation.
- It should be noted that Ireland's system of centralised wage bargaining which had been in place since 1987 had collapsed in 2009 before the arrival of the Troika. Collective bargaining changed from national level to enterprise and in some cases to sectoral level.

The minimum wage

The Irish minimum wage was established in 2000. It had reached a rate of €8.65 per hour for experienced adult workers in July 2007. The latest analysis shows that women represent 64.7% of those on the minimum wage. 22.3% of minimum wage workers are in accommodation and food services sector while 20.3% are in the wholesale and retail trade, and 57% work part time.

The MOU required a cut of 12% which was effected in February 2011 when it was cut to €7.65 per hour. Between February and July 2011 the reduced minimum wage applied only to new hires, as existing wage rates could not be reduced without mutual agreement under contract law.

The cut was reversed in July 2011 following a change of government. This was not remarked upon by the Troika in their autumn 2011 review. The effect of the *Grace* case (see next section) was to increase the importance of the minimum wage in protecting low paid workers as the legal protection afforded them by Joint Labour Committees ceased to exist.

Sectoral wage setting and the Courts

Sectoral wage rates in Ireland were set either by **Joint Labour Committees** which operated generally in the low paid sector (of which the most significant were catering and retail) by establishing Employment Regulation Orders (EROs) or through **Registered Employment Agreements** (REAs) where employers and unions agreed to register an agreement they negotiated with the labour court, thereby making it legally binding on all in the sector. The most significant were in Construction and electrical Contracting. Unions and employers in construction had agreed a fifteen per cent wage cut in 2010.

The Memorandum of Understanding between the Irish government and the Troika (MOU) of 16 December 2010 required that:

'Sectoral wage agreements, which set higher minima for some sectors and are extended to parts that have not signed the agreements, need to be reviewed. It needs to be

investigated whether they hamper inter-sectoral adjustment, a critical issue given that the crisis has hit different sectors so unevenly'.

The Government commissioned an independent review of EROs and REAs, which was delivered in April 2011. It concluded that the basic framework of EROs and REAs should be retained, but that the system required overhaul so as to make it fairer and more responsive to changing economic circumstances and labour market conditions.

In the *Grace* case (July 2011) the system of Joint Labour Committees was declared by the High Court to be unconstitutional as they devolved legislative powers to the Joint Labour Committees and the labour court. In 2013 the *McGowan* case found Registered Employment Agreements to be unconstitutional following a case taken by a group of small electrical contractors. As in the Grace case, the problem arose with the devolution of Legislative powers to the Labour Court.

The main losers in this process have been workers in retail, hospitality and agriculture who have lost all protection above the minimum level. Additionally construction workers have lost their occupational pension scheme. The collapse in construction employment coincided with this period and there followed a downward pressure on wage rates in this sector.

It could be argued that the Irish Courts met the objectives set by the Troika in the MOU.

Amending legislation

Two pieces of legislation were needed to rectify the situation caused by the *Grace* and *McGowan* court cases. A political commitment was secured from the Labour Party to tackle the effects of the *Grace* case, and legislation followed in 2012, which permitted EROs to be concluded. The Troika took an interest in the details of this legislation, requiring that the Industrial Relations (Amendment) Bill would be amended to provide for greater opportunities for employers to derogate from legally binding sectoral agreements in cases of inability to pay.

In point of fact these derogations have never been used, as their use would probably trigger a shutdown of credit lines, a demand for the business to pay in cash and an exodus of the workforce.

Some industries (security and contract cleaning) wishing to avoid a race to the bottom reached sectoral agreements under the 2012 legislation. This is why the rate in cleaning is $\notin 9.50$ per hour compared to the 2015 national minimum wage of $\notin 8.65$ per hour.

The detailed finding in the *McGowan* case made the 2012 legislation vulnerable to further challenge. Rectifying this matter required new legislation, which went through the Oireachtas (Parliament) in 2015. The main thrust of the legislation was to reduce the non-wage items to be covered by legally binding sectoral agreements and to clearly define the criteria to be observed by the Labour Court in making an order. It is as yet too early to measure the effectiveness of this legislation.

Outside the industries covered by EROs and REA's collective bargaining continued on an enterprise basis yielding increases of approximately 2% per annum in the agreements concluded.

The public sector

The breakdown in centralised wage bargaining happened in 2009 when the government (or more accurately the parliamentarians of the ruling party) rejected proposals for a form of short time working in the public sector as a way of addressing the bank crisis. The government then imposed unilateral pay cuts on public servants.

In June 2010 an agreement was reached by the government and the Public Services Committee of the Irish Congress of Trade Unions (ICTU) as well as the Police and Defence Forces representative associations in June 2010. This was known as the Croke Park agreement because of the venue where negotiations took place. It ran from 2010 to 2014 and involved a commitment by the public service unions to achieving efficiencies and savings in each sector and in exchange a commitment from the government that there would be no compulsory redundancies or further reductions in pay within the public sector.

This agreement was succeeded in 2013 by the Haddington road agreement which inter alia provided for lengthened hours and cuts in pay for those earning over €65,000 per annum, together with a freeze on annual increases. This was in turn succeeded by the 2015 Landsdowne Road agreement, negotiated in the post troika era, which provided for a phased restoration of pay cuts previously made.

3.5. The Greek system of collective bargaining during the economic crisis

Contribution by Aristea Koukiadaki

Abstract:

Under pressure from the International Monetary Fund, European institutions and EU Member States, the Greek system of collective bargaining has undergone wide-ranging and radical regulatory changes since 2010. Empirical evidence suggests that the changes in the regulatory framework have led to a significant contraction of higher-level collective bargaining and have initiated a process of disorganized decentralization, bringing the bargaining system to a brink of collapse. Emerging demands on the part of both employers and unions for preservation of multi-level bargaining together with a greater willingness on the part of the state to provide legal institutional support to the bargaining institutions have the potential to halt or even reverse some of these trends. But much depends on the extent to which a policy of 'regulated austerity' will continue to be upheld in Europe.

The economic crisis and the structural reforms concerning collective bargaining

Since the onset of the sovereign debt crisis, Greece has experienced far-reaching changes in the system of labour law and industrial relations. Structural reforms in the labour market have been explicitly required by the 'Troika' of creditors, i.e. European Central Bank (ECB), European Commission (EC) and International Monetary Fund (IMF), in return for three loan agreements provided to avert a default of the country on its sovereign debt. Aside from requiring extensive fiscal consolidation and labour market reforms in the public sector, the economic adjustment programmes have also targeted the system of wage determination and collective bargaining in the private sector. First, in order to 'improve productivity and ensure that remuneration is aligned to it' (ILO, 2011: 26), agreements have been allowed to derogate from sectoral company-level agreements¹. Secondly, the application of the **principle of favourability** in the case of the concurrent implementation of sectoral and firm-level collective agreements and the extension of sectoral and occupational collective agreements have been suspended temporarily². Thirdly, a **maximum duration** of three years has been imposed on all collective agreements³ and a three-month limit has been placed on the 'after-effect' period of expired collective agreements⁴. Fourthly, the unilateral recourse to arbitration was abolished and arbitration was to be confined solely to the determination of the basic wage/salary and does not include the introduction of any provisions on bonuses, allowances or other benefits⁵. At a broader level, Law 4093/2012 provided for the replacement of the wage rates set in the national general collective agreement with a statutory minimum wage rate legislated by the government in consultation with

Article 2(7) of Law 3845/2010. Initially, it provided that such agreements be signed by the company union or, if there was no such union, by the sectoral union but these procedural safeguards were repealed by Law 4024/2011 giving all companies the capacity to conclude such agreements provided that three fifths of the employees formed a so-called 'association of persons'.

² Article 3(5) and Article 37(6) of Law 3845/2010.

³ Article 2(1) of Act 6 of 28.2.2012 of the Ministerial Council.

⁴ Article 2(3) of Act 6 of 28.2.2012 of the Ministerial Council. If a new agreement is not reached, after this period remuneration will revert back to the basic wage stipulated in the expired collective agreement, plus specific allowances (based on seniority, number of children, education and exposure to workplace hazards, but no longer on marriage status) until replaced by a new collective agreement or new or amended individual contracts.

⁵ Law 3899/2010. But following a Council of State decision that the changes in arbitration infringed Article 22(2) of the Greek Constitution (Decision 2307/2014) the legislation was amended to allow again for unilateral recourse to arbitration.

social partners, reducing hence the regulatory capacity of the industrial relations actors. Overall, these developments point to a **fundamental redrawing of the regulatory boundaries** between joint regulation by employers and trade unions, state regulation and managerial unilateralism, with implications for both the relationship between the industrial relations actors but also for their role within the collective bargaining system.

Structural reforms and the changing landscape of collective bargaining in Greece

Empirical evidence suggests that the crisis-related measures in the area of labour market regulation in Greece have had profound effects on the **structure**, **process**, **content and outcomes of collective bargaining**⁶. In contrast to other EU Member States (e.g. Germany and the UK), most of the developments have not been the continuation of long-term trends that began before the economic crisis, but rather the result of the introduction of the structural labour market reforms aiming at deconstructing, among others, the multi-level structure of the bargaining system. In terms of the **bargaining structure**, one of the most obvious developments has been the significant **reduction in the overall volume of bargaining at higher levels** (see Table 1). In the absence of legal institutional incentives, which in the past persuaded the parties (especially employers' associations) to achieve consensus, employers' associations and unions now find it difficult to agree higher-level, most notably sectoral, agreements. Whilst in the service sector some sectoral agreements have been concluded (albeit with significant concessions in the form of wage reductions on the part of unions), sectoral bargaining has almost collapsed in the manufacturing sector.

Table 1. Collective agreements and arbitration decisions in the period 2010--2015⁷

Year	Local Occupa	tional	Sectoral/Nat Occupational	ional	Enterprise	
Туре	Collective Agreements	Arbitration Decisions	Collective Agreements	Arbitration Decisions	Collective Agreements	Arbitration Decisions
2010	14	5	65	30	227	13
2011	7	1	38	17	170	8
2012	6	0	23	8	976	0
2013	10	0	14	0	409	0
2014	5	0	14	3	286	0
2015	7	0	12	11	263	1

The sharp reduction of higher-level bargaining has been coupled with a **strong trend towards bargaining decentralisation at company level**, albeit with some evidence of reduction since 2014 (see Table 1). In this respect, 'associations of persons', which were introduced often in companies with no established company bargaining practice, have been used extensively at company level to drive the process of decentralisation. In the absence of any procedural safeguards set by the legislative framework or agreed by the higher-level industrial relations actors, the process is one of 'disorganised decentralisation' (Traxler 1995). In this respect, multi-employer bargaining arrangements at (inter-) sectoral level are increasingly being replaced by single-employer bargaining as the dominant mode

⁶ For an analysis of the broad trends in bargaining, including specifically manufacturing, see Koukiadaki and Kokkinou (2016).

Source: Greek Ministry of Labour.

of determining wages and terms and conditions. A corollary of this is that **collective bargaining coverage** has also fallen significantly, i.e. from 80% in the pre-crisis period (up to 2008) to 40% in 2015 (Visser 2015). In the terms of the **bargaining process**, a change is evident in terms of the party that drives the process, i.e. from the unions in the pre-crisis period to the employers during the crisis. Further, the **character of bargaining** is becoming progressively more antagonistic and adversarial at sectoral and company levels.

In terms of the content and material outcomes of bargaining, empirical evidence points to significant changes in wage levels. By transferring national minimum wage determination outside the sphere of collective bargaining and by reducing the regulatory capacity of higher-level agreements (i.e. inter-sectoral and sectoral), the crisis-related measures have initiated a process of downward wage adjustments with an average fall in real wages of 20% (Schulten 2015). In cases in which enterprise-level collective agreements were used before the crisis to improve upon higher level collective agreements, they have sometimes served during the crisis as a means to maintain a floor on terms and conditions of employment; but this has been mostly the case where strong trade union coordination exists and relationships between management and employees are good (Koukiadaki and Kokkinou 2016). In cases where wage reductions have taken place, these have been primarily driven by company-level bargaining involving associations of persons (in 2012, 65.4% of company agreements with associations of persons adjusted wages to the levels of the national minimum wage in contrast to 3.5% of agreements with company unions, Ioannou and Papadimitriou, 2013). In this respect, the independence of 'association of persons' is considered problematic (ILO 2011: 59; Koukiadaki and Kokkinou 2016). In a number of cases, a practice of additional, undeclared payments has been developed by the parties to bring the wages up to the levels provided for in the expired sectoral agreements. Finally, a number of company-level agreements stipulate different rates (on the basis of the lower minimum wage rates) in respect of newly-recruited employees and/or those engaged in atypical work, leading to greater fragmentation between different categories of workers.

Aside from the impact of the structural labour market reforms on collective bargaining *per se*, the measures have affected both the **positions of the industrial relations actors** within the system of collective bargaining as well as their relationship with each other and the state. On the employers' side, the measures contrast with core features of the production system of the Greek economy (Meardi, 2012) and have led to concerns, notably among employers' associations representing SMEs, regarding the **re-politicization of employment relations at company level** and the **re-introduction of labour costs as a basis for competition between firms**. On the side of the unions, the reforms have exposed the lack of clear strategies, in some cases, to address simultaneously **issues of membership, inclusiveness and renewal**. With respect to the state, the unilateral process for the adoption of the structural reforms as well as the simultaneous increase of **state** intervention in setting terms and conditions of employment point to its **re-emergence** as key actor in the industrial relations system.

The uncertain future of collective bargaining in Greece

The structural reforms in collective bargaining are so far leading the Greek system of industrial relations onto a different institutional trajectory, one that is closer to the model of single-employer bargaining of the UK and the majority of Central and Eastern European countries (Schulten and Müller 2014). The extent to which this will be further entrenched is dependent on the future developments at both domestic and supranational levels. At the domestic level, there is presently some evidence of willingness on the part of the industrial relations actors, i.e. employers' associations and trade unions, to develop 'a comprehensive common vision for labour relations' (ILO 2012: 273), crucially with the assistance of the International Labour Organisation. On its part, the present government, when first elected, committed to a series of measures, including re-orienting the current regulatory framework towards supporting multi-level bargaining. However, the situation has been very uncertain following the agreement for a third loan programme of 86 billion Euros that was concluded in July 2015. With respect to the labour market, the Euro Summit statement on the 13th of July 2015 stated that the government should 'undertake rigorous reviews and modernization of collective bargaining, industrial action and, in line with the relevant EU directive and best practice, collective dismissals, along the timetable and the approach agreed with the Institutions. On the basis of these reviews, labour market policies should be aligned with international and European best practices, and should not involve a return to past policy settings which are not compatible with the goals of promoting sustainable and inclusive growth' (European Council, 2015: 3). Much depends on the extent to which this statement is interpreted in line with the current policy of 'regulated austerity' (Deakin and Koukiadaki 2013) or in line with a policy that recognises the macroeconomic benefits associated with effectively coordinated bargaining (Marginson 2015).

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ANNEX 1: SHORT BIOGRAPHIES OF EXPERTS

Ricardo Rodríguez Contreras

Ricardo Rodriguez Contreras is researcher on industrial relations and collective bargaining at Eurofound (Dublin). He has an extensive knowledge of EU Labour Law and labour market policies and institutions. Before joining the EU agency in 2014, as consultant he conducted comparative studies for both the European Commission and the European Parliament on the assessment of the implementation of social legislation and employment policies at EU level. He has worked with Multinational companies and European Works Councils mainly in the field of company restructuring from a multidisciplinary perspective. He has also developed projects in the area of economic and social integration funded by international organisations (Interamerican Development Bank, Central American Bank for Economic Integration) in Latin America. He is currently working on the social dimension of the European Economic Governance and the impact of digitalisation on work.

Maria da Paz Campos Lima

Maria da Paz Campos Lima is senior researcher at DINÁMIA'CET - IUL/ Lisbon University Institute and at the research centre CESIS. She has a PhD in Sociology and is a specialist on industrial relations and labour market institutions. Since 2006, she has been part of the Portuguese team working for Eurofound (first for EIRO and now for EurWork). Recent research (national and European projects) focused on austerity policies and impact on industrial relations and employment regimes, and on social movements and trade unionism. She has been teaching at Lisbon University Institute in the Master in Labour Sciences and Industrial Relations integrated in the European Master Labour Studies Network and she has been cooperating with Copenhagen University/Department of Sociology teaching the course 'Globalization, International Crisis and Employment Relations in Europe'. She is a member of the editorial committee of the European Journal of Industrial Relations and a member of the editorial committee of Transfer: European Review of Labour and Research.

Aurora Trif

Aurora Trif is a Lecturer in Human Resource Management and Comparative Employment Relations at Dublin City University Business School in Ireland. She holds a PhD in industrial relations. Recent projects focused on the impact of the crisis on industrial relations in Romania. She is currently coordinating a project on the strategies of social partners to address precarious work in nine Eastern European countries and Greece, focusing on developments in five sectors, namely construction, healthcare, metal, retail and temporary agency work.

Peter Rigney

Dr. Peter Rigney is an Industrial Officer with the Irish Congress of Trade Unions since 1980. This involves a mix of Industrial relations and policy responsibilities. He is responsible for research and development within Congress. A graduate of Trinity College Dublin, at undergraduate and doctoral level, he has authored a number of reports on contemporary social and economic issues, together with a number of publications on modern Irish history.

He is former president of CEDEFOP, and an alternate member of the board of Eurofound. In addition, he is a member of the EU Social Dialogue committee, and of the Social Protection Working group ETUC / CES. At national level, he is a member of the Expert Group on Future Skill Needs and of the Irish Labour Market Council.

Aristea Koukiadaki

Aristea Koukiadaki is Senior Lecturer in Employment Law at the School of Law of the University of Manchester. She holds a PhD from Warwick Business School. She is currently research associate at the Centre for Business Research (University of Cambridge), the London Centre for Corporate Governance and Ethics (Birkbeck College) and the New Zealand Work and Labour Market Institute (Auckland Technical University). Her work focuses on the empirical study of law and on applied legal and policy analysis, with particular reference to labour market regulation and EU law and social policy. Recent publications include A. Koukiadaki, I. Tavora and M. Martinez-Lucio (eds) *Joint Regulation and Labour Market policy in Europe during the Crisis*, Brussels: European Trade Union Institute; Koukiadaki, A. (2015) La crise économique et les droits collectifs des travailleurs en Europe, *Revue française des Affaires sociales*, 3: 53-73.

ANNEX 2: PRESENTATIONS

Presentation by Ricardo Rodríguez Contreras



European Foundation for the Improvement of Living and Working Conditions The tripartite EU Agency providing knowledge to assist in the development of social and work-related policies

Evolution of collective bargaining in Troika programme and post-programme Member States

Policy Department A. European Parliament

Ricardo Rodriguez Contreras

Eurofound

Brussels, 18 February 2016

Tendencies in collective bargaining in Europe

- Mapping of relevant developments and changes in the regulation and practice of collective bargaining from end of the 1990s until today
- Putting more recent and crisis-related changes into a longer term perspective, highlighting common as well as diverse trends



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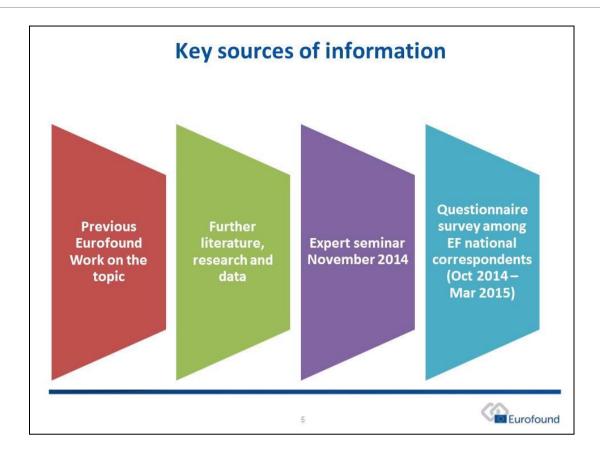


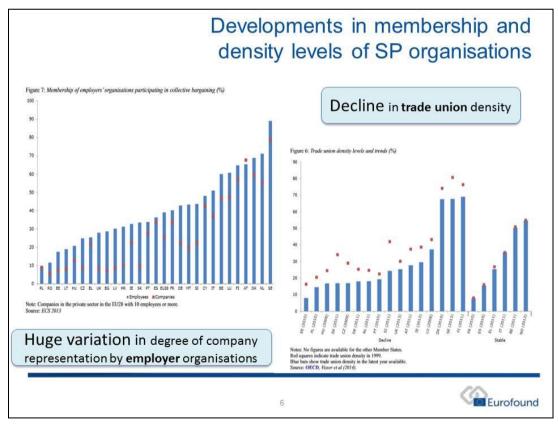
1. Developments in

- O Social partners, tripartism and social dialogue
- Collective bargaining processes
- Outcomes of collective bargaining
- 2. Longer-term trends

Eurofound







Social partners organisations: developments in organisational density since the late 1990s

Stable	Increase
FO: Austria Balaium Commus Franca Luvamahaum	EO: Denmark, Norway, Portugal, Spain
EO : Austria, Belgium, Cyprus, France, Luxembourg, Netherlands	TU:
TU: Italy, Norway, Spain	10
Decrease	Strong decrease (>40%)
EO: Germany, Italy, Slovakia, Sweden, UK	EO: Estonia, Romania, Slovenia
TU: Austria, Belgium, Denmark, Finland, France,	TU: Bulgaria, Cyprus, Czech Republic,
Germany, Greece, Ireland, Latvia, Luxembourg,	Estonia, Hungary, Lithuania, Poland,
Malta, Netherlands, Portugal, Romania, Sweden,	Slovakia, Slovenia
UK	

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Developments on CB processes: deviations from CA since the late 90s

		Opening clauses	Opt-outs	Other deviation practices
Introduction or strengthening of deviation possibilities Before 2008 Since 2008	Finland, Germany, Italy, Norway	Estonia	Denmark, France, Italy, Lithuania, Poland, Slovenia	
		Austria, Cyprus, Germany, Italy, Norway, <mark>Portugal</mark> , Sweden	Bulgaria, France, Greece, Ireland, Italy, Slovenia, Spain	Croatia, Cyprus, Denmark, France, Lithuania, <mark>Romania</mark>
		Belgium, Czech	Republic, Hungary, La	tvia. Luxembourg.

No change

Belgium, Czech Republic, Hungary, Latvia, Luxembourg,
Malta, Netherlands, Slovakia, UK

Eurofound

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Longer-term trends in CB decentralisation since the late 90s

Steady increase of decentralisation since late 1990s

Austria, Belgium, Finland, France, Luxembourg, Netherlands

No or only little change

Croatia, Latvia, Norway, UK

Accelerated decentralisation since 2008

Bulgaria, Cyprus, Czech Republic, Denmark, Germany, Greece, Hungary, Ireland, Italy, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden

Recentralisation tendencies

Estonia, Lithuania (only attempts) Sweden, Finland (temporarily, crisis-related)

Eurofound

Trends in CB coordination since the late 90s

Strong coordination

Austria, Belgium, Czech Republic, Denmark, Finland, Germany, Ireland, Luxembourg, Netherlands, Norway, Slovenia, Spain, Sweden

Weak coordination

Bulgaria, Croatia, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Slovakia, UK

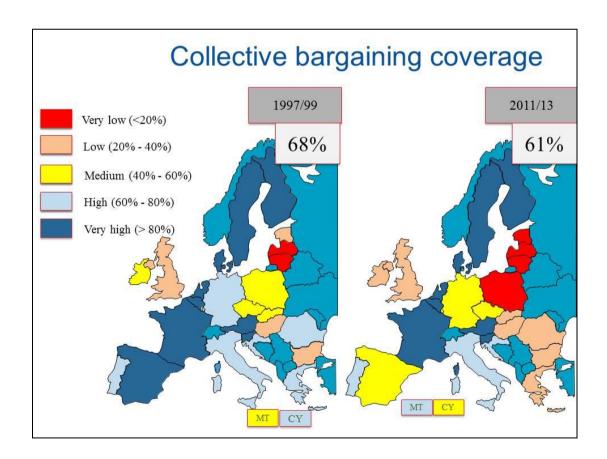
Coordination strengthened since 2008

Coordination weakened since 2008

Finland (occasionally), France, Germany, Greece, Hungary, Ireland, Italy, Poland, Romania, Slovakia, Slovenia, Spain



Period	Very low coverage < 20%	Low coverage 20 - 40%	Medium coverage 40 – 60%	High coverage 60 – 80%	Very high coverage 80 – 100%	EU average
1997-99	Latvia, Lithuania	Bulgaria, Estonia, Hungary, UK	Czech Republic, Ireland, Malta, Poland, Slovakia	Croatia, Cyprus, Germany, Greece, Italy, Luxembourg Portugal, Romania	Austria, Belgium, Denmark, Finland, France, Netherlands, Slovenia, Spain, Sweden	68% (1998)
Number	2	4	5	8	9	
2011-13	Estonia, Latvia, Lithuania, Poland	Bulgaria, Greece, Hungary, Ireland, Romania, Slovakia, UK	Cyprus, Czech Republic, Luxembourg Spain, Germany	Croatia, Italy, Malta, Portugal	Austria, Belgium, Denmark, Finland, France, Netherlands, Slovenia, Sweden	61% (2012)
Number	4	7	5	4	8	



Thank you for your attention!

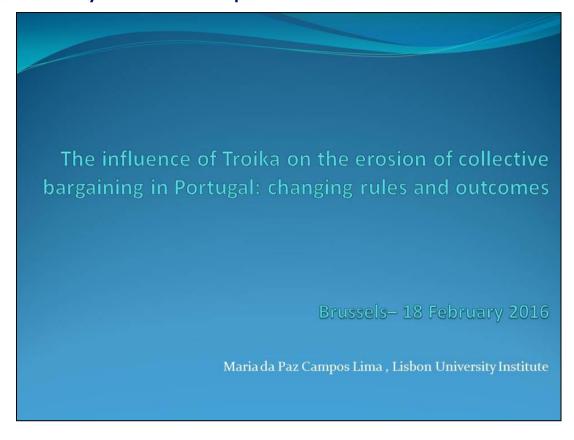
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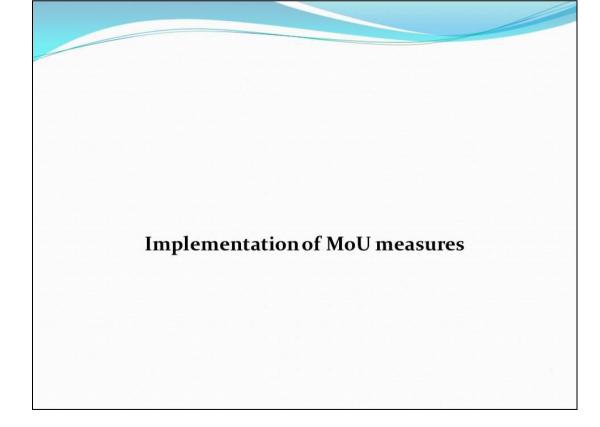
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Presentation by Maria da Paz Campos Lima





The implementation of MoU by the centre-right PSD/CDS Government

Measures

Wage Freezing

Freezing nominal wages and careers in public sector (2012 - 2015)

Freezing mandatory minimum wage (2012-2014)

The implementation of MoU by the centre-right PSD/CDS Government

Measures

Decentralization of collective bargaining

Lowering of the firm size threshold above which it is possible to conclude firm-level agreements with non union worker representatives to 150 employees;

Sector CAs can define that regulations in domains such as functional and geographical mobility, working time and wages may be set up by CA at another level, including firm level;

The MoU demand to introduce firm level negotiations **without trade union mandate** was not implemented – in Portuguese Constitution only the trade unions are entitled to negotiate collective agreements.

The implementation of MoU by the centre-right PSD/CDS Government

Measures

Blockade of extension procedures and stricter criteria for the extension of CAs – employer associations must represent 50% of employment in the sector (2012, 2013, 2014);

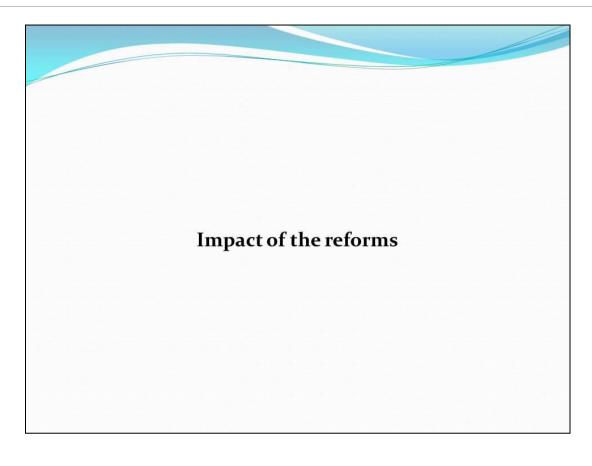
CA can be extended also when the number of micro, small and medium companies affiliated of the employer organization represents at least 30% of their membership (since last quarter 2014)

Reduced the period for termination of collective agreements, from 5 to 3 years and their period of validity after expiring, from 18 to 12 months

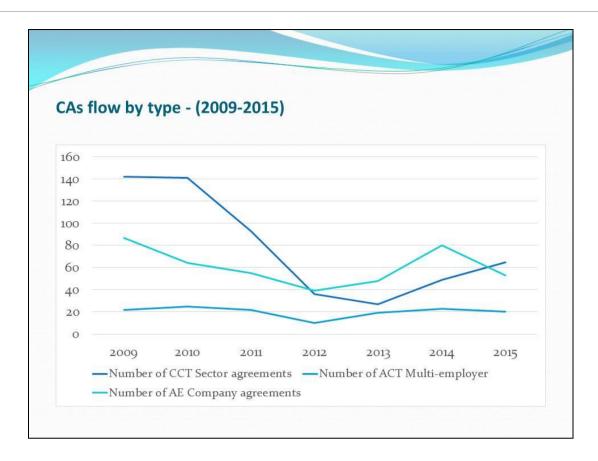
Possibility of individual negotiations, without unions interference, between employers and employees on 'individual working time accounts'.

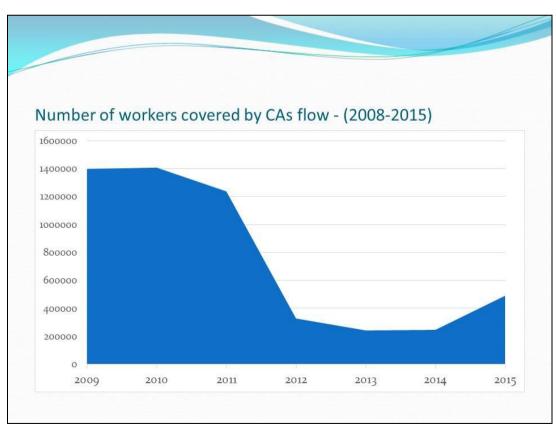
Government PSD/CDS policies beyond MoU

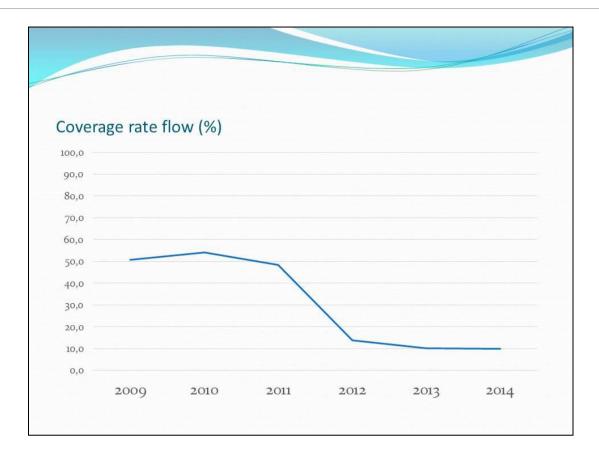
Public Sector	Private sector
Wage nominal cuts (2012-2014-2015)	
Holyday and Christmas bonus cuts equivalent to two monthly wages(2012)	
Increasing the weekly working time from 35 to 40 hours without compensation (2013, 2014,2015)	New regime halving overtime payment prevailing over collective agreements regulations.
Cut of vacancies by three days and cut of four public holidays, without compensation	Idem
Blockade of collective agreements concluded between local administration and trade unions (returning to 35 hours week) (2013, 2014,2015)	

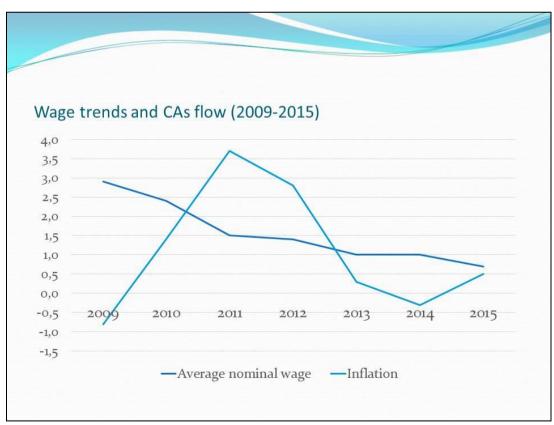


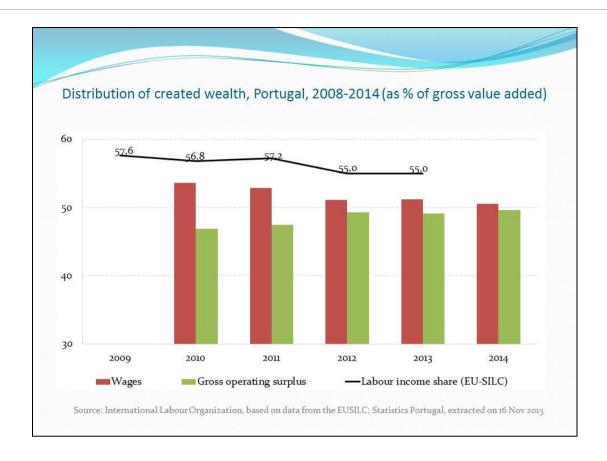
CAs flow* by type, extension and coverage - (2009-2015) 2009 2010 2011 2012 2013 2014 2015 Number of CCT Sector agreements 141 93 Number of ACT Multi-employer 22 10 19 20 Number of AE Company agreements 87 80 53 Total number of Collective Agreements (CA) 251 230 170 85 94 152 138 Number of Extension ordinances 102 116 17 12 13 Total workers covered_flow (thousands) 1397,2 1407,1 1242,2 404,8 241,5 246,6 568,9 *CAs flow refers to the renewal of CAs and new agreements.











The impact of the measures: the private sector

- Measures regarding decentralization did not have any impact;
- Minimum wage freezing and stricter criteria for the extension of collective agreements - significant and negative impact
- New rules on termination and survival increase of employer requests for termination of CAs.
- Measures not foreseen by the MoU (overtime, holidays, vacancies) - impact on the reduction of labour costs.

The impact of the measures: the public sector

- The MoU demand of freezing nominal wages had a considerable impact, blocking collective bargaining.
- The measures not foreseen by the MoU:
 - Wage nominal cuts, Holyday and Christmas bonus cuts, working time increase, vacancies and public holidays had a considerable impact in reducing labour costs.
 - The blockade of CAs in local administration undermined decentralization.

Post Troika and the new political Cycle

- Increase of minimum wage and revision of extension procedures, last quarter of 2014 - slight recovery of collective bargaining;
- New political cycle opened by the PS government supported by the left parties – to "turn the page" on austerity
- Measures taken so far:
 - gradual reversing of nominal cuts in the public sector wages;
 - return to the 35 hours week in the public sector;
 - gradual increase of the mandatory minimum wage.

Post Troika and the new political Cycle

- The PS government program shows a commitment:
 - To promote collective bargaining in the public sector, including on wages and working time;
 - To favour regular sectoral bargaining and extended coverage to promote inclusiveness;
 - To facilitate firm level agreements;
 - To improve social dialogue at tripartite national level

Thank you Obrigada

Maria da Paz Campos Lima, Lisbon University Institute pazmlima@gmail.com

Presentation by Aurora Trif



The state of play of collective bargaining in Romania

EMPL Workshop, February 18th, 2016

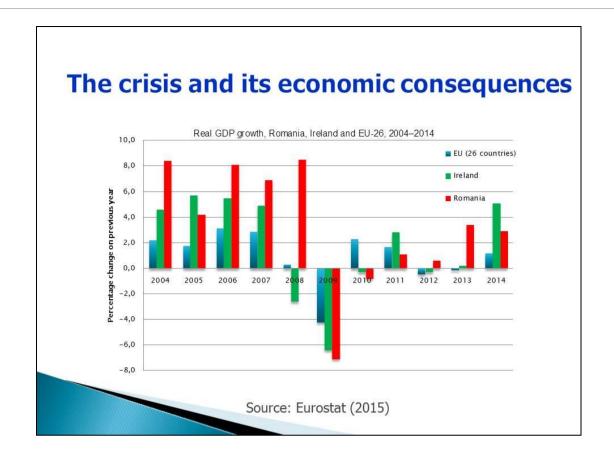
Dr. Aurora Trif

Dublin City University, Ireland
Aurora.trif@dcu.ie

Outline

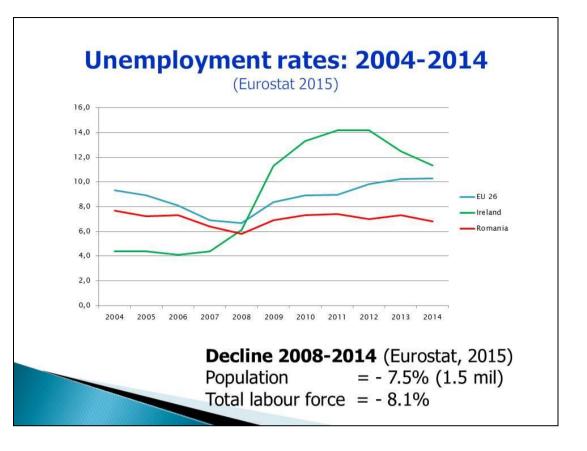
What is the impact of the Troika programme on collective bargaining (CB)?

- 1. The impact of austerity measures on CB
- 2. Implications for workers and social partners
- 3. Addressing CB issues



Influence of the Troika programme

- International financial assistance 2009
 - ▶ ~20bn
 - Substantive measures: 2009/2010
 - restructuring the public sector
 - Reduce wages legislation
 - Cut by 25% wages + 10 days holiday
 - Procedural measures: 2011
 - Deregulation of the labour market



Key changes in individual rights

1. Easier to hire-and-fire

- o easier to use fixed-term contract + agency workers
- o reduced dismissal protection

2. Flexible working time

• 5=>4 working days & overtime

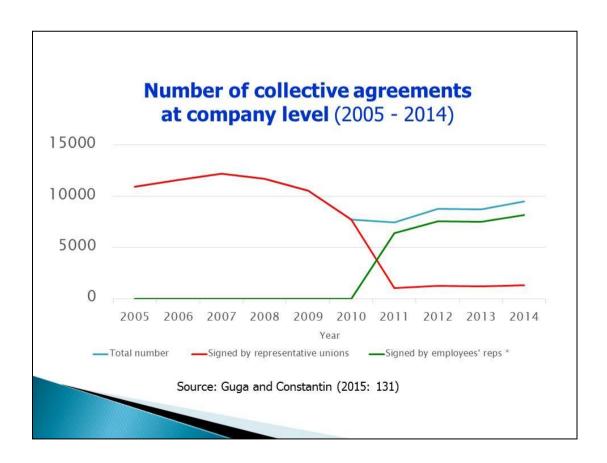
3. Workload

o removed obligation to consult unions

Key changes in collective rights

- 1. National level => no CB
 - confederations NOT allowed to bargain collectively
- **2. Sectoral level** => reduction by over 60%
 - no *erga-omnes* extension mechanism
- **3. Company level** => reduction by 25%
 - union density > 50% (33% before 2011)

⇒ Decline of coverage from 98% in 2010 to 35% in 2014



What is the impact of legal changes?

	Employees Main products		Degree of deterioration of terms and conditions of employment since 2011		
Case studies	(approx.)	Main products	Collective rights (SDA)	Individual rights (Labour Code)	
Metal_5	1500	Steel pipes	Small	Small	
Metal_2	700	Auto components	Small	High 4 (instead of 5) days working week	
Metal_3	300	White goods	Small	High Reduced labour force by 40 percent	
Metal_1	> 3000	Automotive cables	Moderate	High 50 percent of labour force on fixed-term contracts	
Metal_6	500	Electric and electronic equipment	High	Moderate	
Food_4	> 800	Mill and bread	No change (no collective agreement)	Very high Change from paternalistic => autocratic style	

Source: Trif (2016)

What is the impact of these changes?

- For workers extent of change varies
 - Attitude of employer to workers
 - Prerogatives increased since 2011
 - Demonstrated capacity of union mobilisation
 - "If unions cannot mobilise their workers, they do not count, even if they have 100 percent union density" (Union official, 2014)

Implications of reforms for social partners

- increased fragmentation/divisions
- very limited role for national & sectoral organisations
 - "[...] the Law 62 [SDA] has divided and reduced significantly the influence of both social partners, employers' associations and trade unions. ...This is very convenient for the Government, as it allows it to impose very easily any decisions" (Employer Association Official, 2014)
- state = 'voluntary' industrial relations system

Initiatives to address CB issues

1. Legal changes

- center-left government proposal opposed by Troika
 - "[...] we strongly urge the authorities to limit any amendments to Law 62/2011 to revisions necessary to bring the law into compliance with core ILO conventions." Joint Comments of European Commission and IMF Staff, Oct 2012: 1

2. Organising and mobilising workers

- retail: Selgros, Carrefour and Metro
- IT: Alcatel-Lucent, WiPro and Accenture
- Dacia Renault

Concluding remarks

1. Impact of Troika programme on CB

Decentralisation & massive reduction of CB coverage

2. Consequences for workers and social partners

Worsening of employment conditions Fragmentation and divisions of social partners

3. Reviving CB

Prospects to revive it



Thank you!

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Presentation by Peter Rigney

Influences on Collective Bargaining in Ireland 2008 – 2015



Peter Rigney, Industrial Officer, Irish Congress of

Collective Bargaining Structures

1939 - 1945 emergency wage freeze

1946 - 1969 informal wage rounds

• 1969 - 1981 centralised agreements

1982 - 1987 decentralised bargaining

1987 - 2008 centralised programmes

2009 - present enterprise level

Evolution of collective bargaining in Troika programme and post-programme Member States

Peter Rigney, Industrial Officer, Irish Congress of Trade Unions

The Crash Effects

- 2009 collapse of centralised wage agreement
- 2010 Ireland is admitted to EU /ECB / IMF programme- the word 'troika' enters the popular vocabulary

Evolution of collective bargaining in Troika programme and postprogramme Member States

Peter Rigney, Industrial Officer, Irish Congress of

Troika and Labour Market

- Minimum wage a cut of 12.5%
- Review of Joint Labour Committees and Employment regulation Orders
- Duffy / Walsh report, which found there was a place for such mechanisms – with some reform

Evolution of collective bargaining in Troika programme and post-programme Member States

Peter Rigney, Industrial Officer, Irish Congress of Trade Unions

An Outside View

- John Hendy, QC an English lawyer
- "The Irish courts perhaps unconsciously sought the policy outcomes which were sought by the troika elsewhere in Europe"

Evolution of collective bargaining in Troika programme and post-programme Member States

Peter Rigney, Industrial Officer, Irish Congress of Trade Unions

The 'Other' Troika

- Three court cases
 - Ryanair 2007
 - Grace 2011
 - McGowan 2013
- ICTU complaint to ILO

Evolution of collective bargaining in Troika programme and post-

Peter Rigney, Industrial Officer, Irish Congress of Trade Unions

Thank you for your attention – any questions?

Peter Rigney Industrial Officer Irish Congress of Trade Unions

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18 February 2016



Evolution of collective bargaining in Troika programme and post-programme Member States

Presentation by Aristea Koukiadaki

The Greek system of collective bargaining during the economic crisis

Aristea Koukiadaki

EVOLUTION OF COLLECTIVE BARGAINING IN TROIKA PROGRAMME - POST-PROGRAMME MEMBER STATES, European Parliament, Feb 2016

The transmission of the economic crisis to the labour market

- ▶ Three loan agreements and economic adjustment programmes (2010, 2012 and 2015)
- Structural policies directed towards rendering 'labour and product markets more efficient and flexible'
- Emphasis on wage determination and collective bargaining, including wages, minimum wages and the national collective agreement
- NOTE contestation in the pre-crisis period, regarding wage premia as a result of multi-level bargaining and union right to arbitration

The impact of the structural reforms on intersectoral bargaining

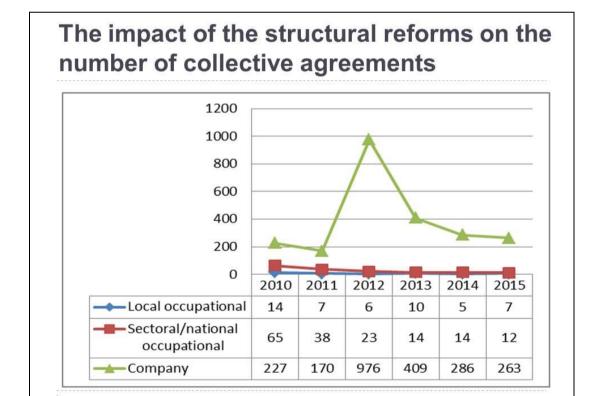
Before crisis	Structural reforms	Outcomes
Erga omnes application of national general collective agreement	 Wage provisions limited to employers-members of signatory parties National Minimum Wage determined by the state Significant reduction of NMW 	 Limited support for cross-sectoral collective agreement Limited minimum employment standards across sectors affecting cross-sectoral coordination

The impact of the structural reforms on sectoral bargaining

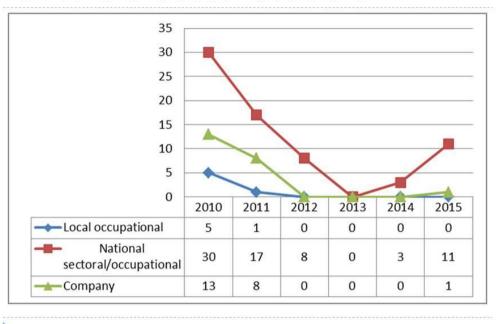
Before crisis	Structural reforms	Outcomes
Legal/ institutional support for sectoral bargaining	 Suspension of extension mechanisms Reduced aftereffect period Reduced length of agreements Requirement of agreement to access arbitration 	 Near collapse of bargaining in most sectors Trade offs between preserving agreements and wage cuts Adversarial character of bargaining Bargaining process led by employers

The impact of the structural reforms on company bargaining

Before crisis	Structural reforms	Outcomes
 No scope for introducing worse terms Application of the favourability principle Company-level agreements only by trade unions 	 Derogations in worse Reversal of the favourability principle Non-union representation Reduced access to arbitration 	 Rapid increase of company-level agreements Large number of agreements via associations of persons Concerns about disorganised decentralisation







The impact of the structural reforms on the content and outcomes of bargaining

- Less prescriptive content of collective agreements
- ▶ **Downward wage pressures:** 23.6% reduction in real compensation levels between 2010-2014
- Differences in means for achieving wage reductions: from agreements with associations of persons/trade unions (in large and medium companies) to agreements with individuals at SMEs
- Increasing labour market dualisms (young and old workers and non-standard forms of employment)
- ▶ Reduced bargaining coverage: from 80% in 2008 to 40% in 2015 (Visser 2015)
- Increasing concerns regarding unfair employer competition

The impact of the structural reforms on wages

Bargaining decentralization

Reduced bargaining coverage

Negative impact on workers not covered

Suspension of favourability and extension mechanisms, introduction of derogations

Negative impact on wages even for covered workers

Weakened bargaining position of unions

Negative impact on wages even for covered workers

Cuts/freezes to the NMW

Negative impact on wages of the most vulnerable

Factors accounting for the changes in the Greek bargaining system

- Extent of social actors' (employers' associations and trade unions) involvement in the process for the adoption of the structural labour reforms
- Extent and nature of structural labour market reforms
- Strength of pre-existing bargaining/social dialogue system at inter-sectoral, sectoral and company levels

Assessment of the implications of the structural reforms for bargaining in Greece

- Radical shift of the regulatory boundaries: reemergence of the state as a key actor and increase of managerial unilateralism
- Current government's/social partners' commitment to restart social dialogue
- Euro Summit's statement 13 July 2015: 'review the existing framework of collective bargaining taking into account **best practices** elsewhere in Europe'
- 'Regulated austerity' (Deakin and Koukiadaki 2013) or support of multi-employer wage bargaining as a 'beneficial constraint' (Streeck 1997)?



Thank you for your attention!

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NOTES

Role

Policy departments are research units that provide specialised advice to committees, inter-parliamentary delegations and other parliamentary bodies.

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