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Social democracy under the strain of crisis

An essay of international comparison

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INTRODUCTION[1]

Everywhere in the world, the workers' economical insecurity is growing, along with unemployment and inequalities. According to an ILO estimate, there has been 27 million additional unemployed people since 2008, and the number of persons with a « vulnerable job » now exceeds one billion and a half (IILS, 2012).

Insecurity and informal work keep spreading and wherever they exist, that is, in a minority part of the world, the social protection systems are under attacks, unprecedented since the aftermath of WWII, when most of them were produced.

2008 does seem to be a turning point. The crisis of the financial system has set in motion spiralling imbalances and stresses nearly reaching the whole world. However, the crisis is not just financial; it is the expression of a crisis of the type of capitalism set up in the 1980s and so-called neo-liberalism, which has spread in its diverse forms to a large number of countries in the world after the collapse of the soviet system and the Chinese turnaround to market economy.

The CGT commissioned the IRES to engage into a study of the concept of social democracy, and more precisely to measure whether or not the existence of participatory mechanisms, more or less associating workers to the conduct of public or corporate policies, has been a differentiating factor in the modalities of crisis management since 2008.

This is no small undertaking and we won't endeavour to cover the whole planet. This is a two-part report: part 1 is a summary report; part 2 contains monographs from seven E.U. countries: Germany, Belgium, Spain, France, Greece, Hungary, and Italy. Due to its broad topic (social democracy) and delivery time constraints, the main scope of the present study is limited to Europe.

[1] A preliminary part of the study was introduced in the transnational Toulouse Conference on March 17th 2013.

Part I: Summary Report

This part is a brief overview of four items: (1) to define the meanings of what social democracy; (2) roughly reposition the context of economical and social policies in the world since 2008; (3) to characterise the converging and diverging elements in Europe (4) to draft at last, some clues about the relationships between social democracy and crisis management, even though, to be clear at the outset, the crisis is far from being over and this research can only be tentative.

1. Social democracy, a concept with varying contours

For several years, the concept of "démocratie sociale" has been reappearing in the French discourse, quite generally without great accuracy. In a comparative approach, the translation into other languages of this concept is awkward. In English or German, it is translated as « social democracy » or « Sozialdemokratie », which differs from its meaning in France. Other, quite approaching terms can be heard abroad, such as « industrial democracy » introduced in Britain by the end of the 19th century by Beatrice and Sydney Webb, or the concept of « economical democracy » which was the particular focus of German ADG's working in the 1920s.

The point here isn't a scientific dissection of the contents of this term; it is rather to establish a common convention, i.e. a better knowledge on meanings when comparing social systems in very different regions of the world. The proposition thus is make « social democracy » an umbrella term for a set of characteristics, not necessarily cumulative, under 5 dimensions:

- A sine qua none, prerequisite is the existence of a democratic political system securing at minimum the freedom of association and the freedom of expression, with the subsequent freedom and independence of trade-unions. Without those basic freedoms, social democracy is void of all meaning.
- Next, social democracy lies on existing mechanisms ensuring consultation, regular or occasional, between the State, employers' organisations and representative unions of workers. Such a democratic State must agree to a sphere of relationships where the autonomy of the other stake holders in society is acknowledged and respected.
- This sphere of autonomy is manifest through the existence of a set of procedures for collective bargaining, whether national, provincial, sector-level or even company-level, under some proper frameworks.
- These conditions are contained in a set of rights or rules for public social order (or voluntary recognition), ensuring the protection of workers, consequently counterweighing the fundamental inequalities within the production relationships between capital and the workforce. These rights comprise the basic rights defined by the International Labour Organisation (ILO) and beyond, they belong to the wider scope of the necessary conditions to frame company-level bargaining, a specific area with marked inequalities between parties.
- An advanced social democracy also provides the rightful of possibility for workers to participate, via their representatives, in decisions about their workplace, the life of the company, or even directly on about itself, the minimum right being to be informed and consulted.

With so many definition criteria, social democracy appears like an ideal more than an acquired model. Few countries hardly ever reached this stage, or, if some almost did, they are hardly able to maintain it. Therefore we shall speak not of a state of social democracy but of a process, ever to reconstruct, approaching or receding from the ideal model as predefined.

This definition is only an indication, we first must agree on its contents and not its formal provisions: existing consultation, « pacts » agreed upon between social players, are not necessarily the signs of building the social compromise. For example, can any consultation resulting in the disregard of trade-unions' point of view or the infringement of the terms in an agreement between employers and workers' unions, be labelled social democracy or is a mere sham? These aren't uncommon occurrences: a joint report from the ILO and the World Bank (ILO, World Bank, 2012) takes stock of the social consultation during the crisis in 39 countries where many formal consultations of this type exist, from Poland, Serbia, Latvia, Montenegro, to the Russian federation, Indonesia or, closer to us, Spain. In these countries, consultation took place, sometimes common positions were proposed to government; yet governments' unilateralism prevailed.

There are some complex cases, countries without any form of nation-wide exchange between the three traditional actors, « State-employers-workers », but with intense exchanges at industry or provincial levels. In every case the contents of these exchanges in terms of social democracy must be evaluated within their wider national or regional contexts.

Other question, can an agreement obtained without the main union federation(s) be considered « a social pact »? Not a purely French issue, it is also a valid question in many other countries of Europe (Italy, Portugal), but also beyond, in Central and Western Europe.

It is sometimes difficult to assess whether the changes in social relationships are one more step towards social democracy or just momentary arrangements in a specific situation of crisis. The world can thus be covered, reviewing the countries which are or aren't engaged in processes of social democracy extension, or simply into adaptation modalities to suit a transient context. In both configurations, the question remains, whether pre-existing substantial social democracy components did help recover from the crisis. Another consequential question: has the crisis itself temporarily altered pre-existing mechanisms of social democracy, or on the contrary, are professional relations systems durably taking other directions?

By lack of hindsight, more questions are raised than answers brought. From the outset, other factors are obviously impactful: the role of the State, the country's economical situation, its type of insertion on the world market, the relative power of trade-unions before the crisis, etc. The countries' rank in the European economic exchanges and their relative position in the ladder of European decision-makers are also determining. The European Union is not just the free association between States as described in the successive treaties, but an area structured by dominance relations, where some produce norms and others are expected to comply with them.

Then, what is the crisis we are talking about? The European and American crisis did reach the rest of the world; yet its dissemination was uneven, leaving more or less deep prints, for example in emerging economies. Beyond its direct impacts, the crisis, born in advanced countries was also a blatant pretence to conduct reforms

having the labour market as a specific target, in line with die-hard demands from employers' organisations here and there in the world, and echoed by international institutions.

Before establishing a diagnostic on the role of social relations in this period, it is necessary to detail the effects and patterns of the crisis of American *sub primes* on the 2008 crisis, and above all to lay out distinct time sequences of the crisis, as indeed there were different chains of events, neatly perceptible in European countries.

2. The 2008 crisis and its global repercussions

The risk for a global financial crash was perceived after Lehmann Brothers' bankrupt in September 2008. It first inspired a momentum of fear for it revealed the perversity of a system where opacity and operators' greed equally prevailed. The *hubris* of finance threatened to wipe out the system; in countries with existing traditions of social democracy, dialogue and emergency measures were activated to meet the demand and preserve jobs from the looming collapse. In Europe for instance, safety nets at first were reinforced, to make up for the governmental restrictions, at that time still moderate and rather concerted.

Yet a second turn point came in 2010: if the 2008 near implosion showed the need for an in-depth transformation of a system that had failed, the opposite happened: to salvage the financial system and prevent a systemic crisis, the public budgets were massively plundered, the bankrupt of a private system turned into a public debt. Then, having paid the bill as tax payers, the workers had to go through reforms – especially on employment conditions and pension access. The success of these reforms to address the crisis has never been clear.

From this 2010 turn point in Europe have sprung austerity policies, sometimes radical, which left whole populations in disarray and mostly worsened the problems they claimed to solve. Europe is not the world, but the undoing of social achievements in so-called advanced countries cannot be good news for those which haven't gained equivalent standards of welfare and social protection yet.

Over the last three years, the governments opted for massive reforms of the labour markets in the world. The premise of these policies, "removing the barriers against redundancy will foster job creation", is the singsong of most international institutions, voiced over and over since the end of the seventies. In its 2012 report on the situation of labour in the world which reviews a pool of a hundred national and international studies, the ILO shows that the loosening of labour market constraints has no empiric evidence demonstrating any benefit in terms of job creation (ILO, 2012). Quite the contrary, in times of stagnating or recessing activity, simplified lay off procedures generate unemployment without creating anymore jobs. Yet, between 2008 and 2012, one third of the 130 studied countries have altered their employment protection legislation. Two third of these reforms aimed at deregulating labour markets. This trend was particularly obvious among industrialised countries since three quarters of those reforming have adopted such measures, including, and widely so, Europe where 19 of the 27 member States implemented them (Cazes, Khatiwada, Malo, ILO, 2012). This is probably why two thirds of the Union countries (often the abovementioned 19), have seen their unemployment rate neatly increased since 2010, especially in countries where budgets were abruptly adjusted and labour laws dramatically deregulated.

Many Latin American and Asian countries escaped the financial crisis or suffered minor impacts. However they do experience a slowing economy, the source of insecurity, informal work and under-employment. From 2010 to 2012, the world has known a growth recess, dropping on average from 5,6% to 3,5% according to the International Monetary Fund (IMF), and neither Asia, nor Latin America were spared, where the shortage of new jobs is especially acute, specifically qualified jobs needed to ensure the economic mutations going along with development.

Zooming out to see the rest of the world, the tendency to use these labour market reforms is no different: according to the same ILO study covering 130 countries, 24 of them decreased the protection of permanent-contracts work, 15 removed the constraints for employers in case of redundancies on economic grounds, and this trend is stronger in advanced countries; in 26 of the 40 countries where data is available, the proportion of workers covered by collective agreement declined from 2000 to 2009 (IILS, 2012). Such is the case in European countries without industry-level collective bargaining, or where collective bargaining is hardly developed. For example in Germany, the rate of coverage by collective bargaining has dropped by more than 10 points between 2000 and 2009.

The 2008 crisis particularly reached Africa, where its consequences stacked up on top of usual challenges: endemic poverty, lack of infrastructure and investment. Some leading countries have been shaken by violent political crises, i.e. the Ivory Coast, Nigeria and Mali. The industrialised countries' crisis reached those regions because of a loss of export outlets, lowered international prices, loan contractions, in some cases the drop of income from tourist activities, with the additional strain (though this is not always something to be sorry for) of falling hated regimes, such as in Tunisia, Egypt or Libya. A 2012 ILO study, on ten African countries, shows a slowed-down economy, dropping public revenues, decreased formal employment, (in particular that of women), and deteriorating youth employment (Saget, Yao, 2011).

Asia has other kinetics in terms of development. After the air pocket of dropping exportations to Europe and the United States, all the forecasts show recovery with significant growth rates, though still below the rates of the years 2000. In China and India, the development model based on export is said to be declining, giving way to a more self-centred development drawn by domestic demand. China, beheld by the whole world, undergoes quite deep transformations of its growth regime, partly due to the weakening export-based model but also and maybe above all, due to the domestic stress which was created by the new development model. Many social conflicts have burst in 2010, especially in the Guangdong province, the most densely populated southern part of China where the minimum wages now amount to 75 % of minimum wages in Romania.

The ripples of the financial system 2008 crisis reached the rest of the world causing in many places spiralling imbalances and stresses. The transfer of private banking debts onto public debts has forced many countries into restriction policies which caused brutal upsurges of unemployment. The turn point in Europe is particularly challenging: the imposed, fast return to deficit reduction has generated austerity policies, sometimes dramatic, qualified by R. Torres, the Head of the ILO International Studies Institution, « austerity traps » where Europeans wilfully hurled down.

3. Europe: common trends and differences

In Europe, the political turn point shook to bits the social democracy mechanisms which where the E.U.'s signature. In some countries where the economy was less affected, the prior social negotiation terms were somewhat maintained or contained, compromises were found again even if trade-unions had to concede significant social regress. Quite different is the true destruction at work in some countries of Southern Europe, or in Ireland.

Many studies by the IRES – in particular in the annual special issues of the *Chronique internationale* (IRES 2009, 2010, 2011, 2012) – show that the so-called structural reforms, with the purpose of budgetary consolidation and short term competitiveness restoration, would degrade the condition of workers, unemployed people and pensioners, and would be adverse to a long-term social and economic recovery. Wage moderation, flexibilised labour markets, and transformed pension and healthcare rules, deeply change some social models, without helping to exit the crisis, as would do a strong, job-generating growth.

The present aim is to analyse over a short period (from 2008 to nowadays), the evolutions of social dialogue in various countries in European Union. The central question in this chapter is to know whether countries which maintained a high level of « dialogue » or consultation, have had better success than the others in terms of crisis transition.

This part covers six Euro Zone countries: Germany, Belgium, Spain, France, Greece, Italy, and one country of central Europe, Hungary. It is supported by various international studies including some published work from IRES' *Chronique Internationale* and its special issues since 2009, as well as specific monographs in the second part of this report.

In Western Europe, a certain number of these social democracy conditions, (mentioned in the introduction: political democracy, collective bargaining system, etc.) either have existed for a long time, or were set up more recently. The chosen criterion is the evolution, during this period, of « social dialogue». Social dialogue is understood as all forms of exchange, from collective bargaining to consultation, whether bipartite or tripartite, company-level, industry-level or cross-industry level. In our study we focused on the national level, but we are also careful about the way all three levels, i.e. cross-industry, industry and company levels communicate. In most of the 7 countries considered, industry-level has historically been acting as a pivotal strand for the whole system, even if cross-industry negotiation may play a major role (excepted in Germany).

The recent events of the crisis have shaken long-lived and sometimes solidly anchored systems having structured the backbone of social actors' relations. These shocks caused reactions and adaptations, depending on both the intensity of the economic shock and the density of the pre existing professional relations system. (Guyet, Tarren, Triomphe, 2012). The latter itself springs from a piece of history with many features: the role of the State, the landscape of employers and workers' representative organisations, the system of values which secures the legitimacy of social actors, in short every component in the fabric of long term social relationships within the social and political systems in Western Europe. Thus, the countries from Central and Eastern Europe (CEECs) have different experiences requiring, where Hungary is concerned, some insight provided later in the study.

3.1. Common trends: decrease of union rates, decentralisation of collective bargaining

Since the 80s, the systems of professional relations have been affected by two major changes which took place at different levels but converged (with some exceptions), in the different European countries: on one hand, a downwards trend in the number of members of workers' unions, on the other hand a decentralising shift in collective negotiations, generally at company-level. (Keune, Galgóczi, 2008). This decentralisation was generally conceded by trade-unions in an environment of degraded balance of powers; the shift wasn't uniform across the various countries of course, and its timing somewhat differed from a country to another. In France, at one end of the skewer, decentralisation towards company level occurred early; In Sweden at the other end, it is very recent.

In the early 2000, there was still a cut-off line between countries with an organised decentralisation and those where it grew uncoordinated. (Rehfeldt, 2009). The so-called coordination existed when industry-level federations kept some control on the flexibility clauses (derogations) gradually instilled in the agreements at this level. Relevant in 2000, this distinction by degrees of coordination later lost its clarity and pertinence, as the diversification of the types of decentralised agreements made it ever more difficult to have a true union coordination.

In any case, coordinated or not, (the trend being increasingly uncoordinated negotiation) collective bargaining underwent in the 2000s quite a major substantial formal change, in three ways.

The first change is visible in the rate of bargaining coverage, which dropped in countries where extension procedures do not exist (United Kingdom, Denmark) or are hardly used (Germany); it collapsed as early as 2009 in Portugal with the umpteenth reform of the labour market which made the non-renewed collective agreements null and void. In Germany, the rate of bargaining coverage went from 76 % in 1998 to 65% in 2009, in all sectors, but dropped to 54 % in 2011 in the private sector in West Germany. This shift is caused by the great number of employers who didn't affiliate themselves, or opted out, from employers' organisations; this mechanically weakened the normative pervasiveness of industry-level bargaining. In Italy, there is no legal extension, but case law plays an equivalent role in maintaining a high level of bargaining coverage.

The second shift also differs in intensity from a country to another; some opening clauses have been added to cross-industry or industry-level agreements, granting businesses possible local adaptations, or even possible waivers to some mechanisms of cross-industry agreement. Recently, some countries like Greece or Spain have gone much further but until 2010 and still today in many countries, the trend is more moderate even if it is a work in progress. In Italy, great confusion reigns in this matter. A tripartite national agreement, signed by the CGIL in 2009, made it possible, in case of economic hardship or to create jobs, to waive, by a company-level agreement, to industry-level collective bargaining. An Act voted by the Berlusconi government in 2011 has extended this derogatory possibility to the law itself in some cases. In the end, an agreement signed in 2011 by all the confederations with the industry-level employers' union *Confindustria* aimed at trying to re-frame the waiver possibilities.

In Germany, the workers' union federations regrouped in order to keep some coherence in company arrangements. Yet this did not prevent quite a deep change in the meaning of collective bargaining. In fact the claims it contained, were not so much about solidarity and equality between workers anymore; rather, the demands became focused on competitiveness conditions for businesses traded off for job maintenance. This new paradigm was quite a deep change which put pressure on the representative function of trade unions. The multiplication of derogatory items, even so most of these derogations need validation by the sector-level social actors, appears to reinforce the management power and weaken the union power. In Germany, 91% of the works councils' members claim that decentralised bargaining within companies strengthened the management power, and 83% of them claim it weakened the unions power (Nienhüser W., Hoßfeld H., 2008). In France, the « competitiveness and employment agreements » mentioned by the end of N. Sarkozy' s mandate and the cross-industry national agreement signed by three confederations on January 11th, 2013 are in the same line.

The third and last shift concerns salaries, an important part of collective bargaining: on one hand the individualisation of wages in companies, a meaningful three-decade old process, weakens the leading role of cross-industry bargaining; on the other hand the diversification of income sources, a more recent phenomenon which nonetheless has spread in almost all countries, also tends to promote the role of company policies in the determination of salaries. Cross-industry agreements lost precision and the determination of salaries became dependent from corporate rationales: the fixed part of salaries became more and more individualised; the variable part of salaries developed with increasing peripheral payroll lines such as employee's savings benefits. These two trends have largely contributed to reduce the truly negotiable part of salaries (Delahaie, Pernot, Vincent, 2012).

It is to be noted that on different aspects, Belgium quite clearly differs from the other European countries. In fact, the prominence of cross-industry agreements (AIP) was maintained and decentralised levels could only improve the workers conditions. The absence of (wage-lowering) derogatory provisions shows a robust social solidarity policy since 1960. The central character of cross-industry agreements does not prevent companies from negotiating, at different levels, adequate work organisation to suit their own needs, but it curbs the competition between salaries. Of course the renewal conditions of cross-industry agreements are getting tense, depending on the context: in 2008, across-industry agreement turned out to be very difficult to conclude, however its signature was made possible thanks to the major financial support from the government (mainly tax reductions or social contributions to be reallocated by the social partners). Two years later, the January 2011 draft agreement was rejected by two of the three trade unions and the negotiations for the 2013-2014 agreement were broken in January 2013. But as they froze the possibility of concluding a cross-industry agreement, the unions did not want to break the whole negotiation at this level. This maintained centrality in collective bargaining, considered by the European Commission or the OECD an element of rigidity (as well as automatic wage indexing) seems to survive the times without being challenged by the State or by the social partners. For such and such company in distress, some adjustments possibilities were found in the (negotiated) adaptation of the branch rules (themselves encased in the cross-industry agreement) with the help of public mechanisms such as preretirement programmes or part-time work. Whenever no cross-industry agreement is signed, like in 2011 and 2013, pay rises are limited to

the automatic effect of indexing as well as salary scales provided by the law, and this limit is imposed on the other levels of the branch and the companies. The only authorised rises are individual pay rises or adjustments on annexed clauses of social protection or collective pension benefits.

Neither the 2008 crisis, nor that of 2010 disrupted the system of social relations, even if compromise was increasingly difficult to reach. The Belgian unions could thus safeguard these solidarity principles even though they now fear an outside pressure threatening to challenge them (the Euro + Pact).

The trend of decentralisation towards enterprises tends to weaken the structuring quality of cross-industry bargaining, when implemented. For 15 years, one third of the French workers from the private sector have been concerned by company bargaining; the management of large companies see to it that industry-level agreements are kept minimal in order to retain some leeway in their companies. For SMEs, industry-level rules often keep their prescriptive role but they tend to become minimum standards.

Traditionally, in Spain, the primacy goes to industry-level and territorial negotiation. Even though the trend since 1985 is an increase of company level-agreements, the number of workers covered by these agreements remained stable. This paradox is explained by the structure of the Spanish economic fabric where three quarters of the companies have less than 6 employees. Of all the collective agreements signed every year, roughly 70 % are company-level, however, only they concern 10 % of workers with a contractual cover. The industry-level and territorial negotiations still keep playing an important role in the Spanish contractual system. With a State intervention in 2011 and 2012, the possibilities to derogate the higher rules were enlarged as long as a company had to address a competition problem.

In Italy, in spite of tax incentives, company-level bargaining has only really developed in the large metal and chemical companies in the North. According to a report from the Italian Economic and Labour Council (CNEL), it is very low on the whole peninsula and even in industry, the proportion of workers covered by company bargaining went from 64 % in the 90s to 54 % in the years 2000 (Rehfeldt, 2012). If the 2009 agreement (signed without the CGIL) bets on company bargaining, the CNEL indicates its decline in the years 2000. Sector-level negotiation keeps a high normative role. In France, the management would like the industry-level to play a purely supplementary role, become a cheap default regulation applicable in the absence of company agreements. We will see, further, that such a political aim is being promoted by the European Commission and the ECB, which consider decentralisation and generalised derogation a source of efficiency for companies against the « rigidities » imposed by trade-unions.

The measures taken in 2011 and 2012 in Italy and Spain to detach company-level bargaining from higher levels of rules, have the same goal as the agreements which have existed in Germany for a long time, or, in France, i.e. « competitiveness employment » agreements contained in the January 11th National Cross-industry agreement, (ANI), enacted in June 14th 2013. This is indeed a common trend even though it is implemented in very different economic contexts and diverse union control capacities.

The case of Greece is a spectacular one: in May 2010, the World Bank, the European Central Bank and the IMF announced an agreement with the Greek

government through an economic adjustment Programme in exchange of a payment of 110 billion Euros over three year. This programme provided massive wages and pensions cuts, a tax increase including VAT, increased working time via a retroactive abrogation of collective bargaining. Employees might, from then on, be forced to switch to part-time work by sole management decision, fixed-term contracts might be prolonged for three years and many protective barriers against redundancy were lifted. With this stack-up of measures – and many others – the country has regressed back to several decades in terms of social rights. Whether this sacrifice will enable Greece to quickly exit the crisis is questionable, the IMF itself having declared that these necessary measures may take ten years to yield benefits.

If the prior conditions of dialogue between social partners played a significant role in the ability of professional relationships to withstand crisis, the modalities of government decision-making, particularly since 2010, had an equally (de)structuring impact on social relationships. In this area, the most significant changes took place between the first period of the crisis and the 2010 turn point. The case of Hungary somewhat differs, not in the intensity of the breakdowns in the concerned period, but by their origin: what caused them was not an acute decline of the economy and the consequential involvement of international institutions. It was a quite radical political change, after the April 2010 legislative elections where a majority of seats was given to right wing Fidesz - Hungaryan civic union, against the socialist party in power in 2002. The space for social relations among divided trade-unions was torn to pieces in a couple of months by Viktor Orban's government. Social democracy did a u-turn in its journey, of a « hayekian-thatcherian » nature, which hasn't come to full effect yet but is pointing to deeply transforming work relationships at the expense of workers.

There is a first, quasi universal comment on the unilateral character of social management in the public service: the leverage of collective bargaining shrunk to next to nothing, including in Italy where the employing government continues to negotiate the civil servants' wages according to mechanisms formally close to that of the private sector. An appeal to cut down public expenditures has turned public jobs and salaries into regular preys since 2008 and even worse since the so-called « public debt crisis ». As a fact, in many countries (Greece, Spain, France, and Italy) the government agents were the spearhead of the nation-wide social protest since the beginning of crisis (Lochard, Pernot, 2011).

3.2. Three types of setting

In Phase one of the crisis (2008-2009), a certain number of countries saw a spike of « social pacts », tripartite-type, State-initiated logics, such as could be seen in Europe in the early 90s. In his report for the ILO, J. Freyssinet distinguished three categories of countries according to their ongoing bi or tripartite types of relations. He listed those countries with tried-and-tested tripartite institutions, those with an established articulation between joint bargaining (cross-industry or branch negotiation) and consultation with public authorities, the countries at last « where all three stakeholders relate to each other in a pragmatic, discontinuous and informal way, in response to events and circumstances » (Freyssinet, 2010). The author concludes, about this period of the crisis, that the transition from phase 1 (salvage of banks, pending and stimulus measures) to phase 2 (drastic cuts on public deficits) came with declining capacity, for tripartite management forms, to ensure sufficient convergence among the stakeholders' own views. The conclusion is toned down by

considering the great variety of national contexts. We intend to use this tripartite form to give an account of the breakdown of countries in our sample[2].

Belgium is the only sampled country to belong to the first group of «traditionally tripartite »[3] countries, which does not mean there is no ongoing bipartite agreement[4]. Despite some clashing and « sensitive » cases such as employees' status, the framework held good. Even though there seems to be a breakdown in early 2013, the customary practices are by no means threatened: the threat, as we said earlier, rather comes from rising European disciplines in terms of salaries monitoring. Hungary set up tripartite institutions as early as 1988, but tripartite consultation becomes increasingly rhetorical since the previously mentioned 2012 change of government; Greece set up an Economic and Social Council in 1994, but its role is pure consultation. France, Italy and Spain belong to the second category of mixed articulated bi and tripartite agreements.

Spain has, in fact, a complex system of contractual relations, with a (failing) mix of cross-industry, branch, and company levels, with regional and provincial levels. From 2002 to 2008, an cross-industry level framework agreement was signed every year, hardly binding at all for sector-level negotiations; however these were poorly coordinated and the project of reform of collective bargaining was an old chestnut for a long time. In 2004, the new Zapatero government has launched a new practice of tripartite relations, after several years of his predecessor's authoritarian government. The union confederations and the employers' unions have committed to it and in this mindset, have addressed the crisis in 2008. In spite of the unions' acceptance of some flexibility inside and outside companies, employers' unions finally removed themselves from the compromise, as they opted to wait for the political switch in order to see their point of view prevail unilaterally, in favour of a radical reform of the labour market. Yet, at the end the Zapatero government mandate, a decree named « urgent reform of the labour market » had already loosened the redundancy rules, whilst hoping to decrease the segmentation of labour market[5]. The general elections took place in November, 2011, and before he even took office as Prime Minister, M. Rajoy, leader of the right-wing new majority, gave the social partners his roadmap for the reform of the labour market, giving them early January 2012 as deadline to end negotiations. The social stakeholders had no more success this time than before, to reach an agreement, but a document of nearly 70 pages, listing agreements and disagreements, was sent to the government. A consensus seemed possible in a certain number of areas (professional training, absenteeism, extra-jurisdictional settlement of disputes). Besides, the document reminded that the reform of the framework of collective bargaining was in itself subjected to collective bargaining. The new government nevertheless adopted a decree-law in February 10th, 2012,

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[2] Here the readers will consult the following monographs in the report, concerning the countries mentioned in this chapter.

[3]This category includes, according to J. Freyssinet, Finland, Ireland, THE Netherlands, Austria and Norway. In Ireland, the tripartite system was a collateral victim from the banking crisis. Two other countries with a prior tradition of tripartite relations, Sweden and Denmark, became during this period countries with occasional tripartite relations. In Austria, the coordination of wages was given up in 2008 but the tripartite framework was maintained in other areas.

[4]Like the December 2008 agreement trading wage moderation for improved pensions and unemployment benefits, with, it is true, the presence of a conciliator commissioned by the government, blurring the boundaries between bipartite and tripartite frames.

[5]Since the adoption of the Workers' Status in 1980, no less than 52 law texts have reformed the Spanish labour market.

riding roughshod over the social partners' document: it repeated the traditional discourse about the labour market rigidity being the culprit to blame for the extent of the Spanish economic crisis, reeled off a series of measures facilitating redundancies with lighter and cheaper procedures. The decree-law also modified collective bargaining conditions, by extending discretionary possibilities for enterprises to waive the collective rules established by sector-level agreement in case of economic difficulties.

The unemployment rate in Spain at the end of 2012 (26 %) and the economic slump where the country has been struggling for four years, demonstrate the vanity of such recipes. And it was certainly not by lack of social dialogue. Considering their limitations, trade unions called for workers' mobilisation, one first time on September 29th 2010, in a general strike of unequalled participation, a second time on March 29th 2012 with more participation. The movement of 'Los indignados' was a difficult moment as trade unions were accused to be part of the « system » evicting a growing population outside the labour sphere. More than the absence of social dialogue, the economic situation of the country seemed to have over-determined an effective breakdown of trend, amplified by the political switch... The social mobilisation itself failed to challenge a frame not only sprung from the Spanish situation, but also from the international environment, driving a policy of exclusive offer with highly liberal conceptions on the labour market. Europeans institutions appeared to be a major component in the shaking of customary practices of social dialogue: new actors were bid to join the game, actors whose pressure tactics against some countries are considerable. International institutions are powerful tools destabilise professional relations systems nowadays.

Social concerting suffered from three major upheavals in Italy over the past few years; the first time in 2008, the second in 2011, the third took place the following year. The first breakdown came with the January 2009 agreement allowing wide possibilities to waive rules through company-level bargaining, versus branch level. After the conflict created by the CGIL's refusal to sign, the *Confindustria* new chairwoman took, some months later, the first step to get the first Italian national union back into the game, offering to all union confederations to design a « Pact for Growth and Employment ». In September 2010, a new bipartite frame seemed to emerge from the negotiation of six papers jointly signed by employers' and workers' confederations. They dealt with several objectives, deemed important to improve corporate competitiveness and the overall efficiency of public policies: support to research & innovation, maintenance and extension of social buffers, development of infrastructures in the South, simplified bureaucratic procedures, reform of state-taxation and productivity. For the latter however, disagreements emerged which divided the union side, precisely on the articulation of company negotiations versus branch-level. Though the CGIL was not against a partial decentralisation of collective bargaining in order to improve the competitiveness of companies, its wish was for the unions to maintain the leading role of industry-wide collective agreements and to frame the derogatory clauses. An agreement was finally reached on June 28th 2013, a couple of weeks before the Berlusconi government adopted a decree-law with a new modality of "proximity" agreement authorising to broadly waive labour rules. The decree was enacted by the Parliament in September, while the government's excuse for skipping over the social partners, was the ECB's warning letter to the Italian government, pressing it to reform the collective bargaining system in order to allow derogatory company-level agreements. The agreement was thus called into question,

but the trade unions, especially the CGIL, tried to preserve it by agreeing on ways to make it compatible with the new law. On September 21st, an odd compromise allowed the renewal of that agreement, the *Confindustria* accepted to commit its affiliated members not to apply one of the provisions of the law disqualified by the CGIL[6]. The third change is the mitigation of social consultation by M. Monti's government.

Again, this period did not suffer from the lack dialogue, but from a drift in meaning. What Berlusconi's government sought above all was to marginalise the CGIL, by signing tripartite agreements with employers and the two other union confederations. Besides, it transformed the regular consultations on income policy, established by the 1993 tripartite agreement, into a purely formal proceeding. Mario Monti' s "technical" government made one more step when the Prime Minister claimed in July 2012 that consultation at the summit was the cause of Italy's economic hardship. It consequently pursued its policy of isolation of the CGIL and diminished the consultation of social partners on austerity measures. Despite the unions being somewhat moderate and the good will of social partners, who sought ways to renew the bi or tripartite mechanisms which allowed compromises to be reached to pull out the country from the crisis, once again the State and European pressure were the sources of the battering of that search for social compromises during the crisis.

As often, the French situation is a paradox. The January 31st 2007 Act, on « modernising social dialogue » (called the Larcher Act) forced the government to consult the social partners before any legislative development pertaining to employment, professional training and labour relationships. Several phases of negotiation-consultation took place in 2008 and 2009: the January 11th 2008 agreement on modernisation of the labour market, the April, 9th 2008 common position on « representativeness, development of social dialogue and union finance » the November 14th 2008 GPEC (Management of skills and careers) agreement, the December 23rd 2008 agreement on unemployment insurance, the January, 7th 2008 agreement on ongoing training and careers.

However, with its crisis response plan in 2008, the government unilaterally drew on a certain number of employers' proposals to address the crisis, but by no mean committed (except in a very rhetorical manner) to consult unions.[7] In early 2009, two massively attended street marches were organised by a union movement which unanimously supported a seven-step response programme. The pensions' conflict in autumn 2010 showed, in intensity and in length, the extent of the degradation of relationships between trade unions and the government. To appease a difficult social climate in the workplace, and avoid the possible breaking of all future agreements, the MEDEF took to bilateral discussions outside State representation. On January 10th , 2011, a « social agenda » was adopted, which gave birth to a series of negotiations, some of which lead to the signing of a National cross-industry Agreement (ANI), while others slowly sunk in quicksand: some negotiations were already programmed, whether « statutory » such as supplementary pensions or unemployment insurance, or mandatory agreement in the application of Community

[6] On July 27th 2011, all employers' organisations and workers' unions demanded, in a joint communication, a radical « change » to address Italy's loss of international credibility. Such a claim was a clear wish to see S. Berlusconi resign.

[7] Apart from accepting the CFDT proposal aiming at setting a social investment Fund with a low budget allocation. However the government always refused to discuss the efficacy of the TEPA Act (fiscal package) with the unions, even though it acted as a steamroller for jobs during the crisis, aggravating public deficit.

rules, like the APEC (French agency for executives' employment) ; some others lead to a string of agreements such as youth employment (4 agreements). However, those agreements were carried out purposefully outside the government sphere and it did not agree with the latter. The State took the upper hand and imposed on social partners, through parliamentary vote, to negotiate around four themes quoted in rather vague presidential speeches (sandwich course contracts, rules of affiliation to employers groups, securing careers, the sharing of added value), with four months to conclude. All together, 11 themes were on the 2011 agenda, plus 4 integrated later; in total, eight branch agreements (ANI) were signed with different union configurations.

The country can't be said to lack social dialogue. Adding to this rich production of national cross-industry agreements, all the branch and company-level agreements signed or updated every year, their number is impressive: a token of the huge amount of time dedicated to this bargaining and consensus work. The problem lies in the substance of this work: beyond their formal character, most agreements were signed without one, sometimes two of the most representative unions, and their production pace questions the true capacity of a dispersed unionism to weigh the pros and cons of each negotiated term. All negotiations remained in the strict framework imposed by employers (zero cost for businesses); that means the negotiations are run under reallocations without additional resources, in an imbalanced power play.

Given the general conditions of this test of strength within the workplace, company-level social dialogue may not be the reflection of an effective and acknowledged equilibrium between independent social partners. The low level of unionisation is no guarantee that partners' commitment (especially in the absence of unanimity) is a true reflection of the workers' readiness to cope with the constraints within compromises. This type of social dialogue flourishes in employment crises where negotiation is a knife on the throat, « a managerial social dialogue » integrated into the companies' human resources management.

There again, State role is far from minor in the global « performance » of the model, putting pressure on the system with its political agenda with a string of more or less thoughtful announcements repeatedly jeopardising the schedules and topics to be debated. On the contrary, about heavily meaningful themes requiring a lot of consultation time (anti crisis measures in 2008, pensions in 2010), the government omitted all consultations but one: the employers; a façade with at the backstage, ever so active employers. The 2012 government switch did not radically change the agenda-making. Trade unions might have expected arbitrations less systematically biased in favour of the employers, which at least would have helped restore the conditions of an exchange; The January 11th 2013 agreement did not bring this much expected change in the conduct of cross-industry dialogue. Very close to the initial roadmap by the government, finally rejected by a large fraction of union movement, it appears, beyond its contents, an unlikely tool for effective social compromise.

Germany is the only country in our sample to belong to the third category defined by J. Freyssinet in 2010, where consultation is « pragmatic and occasional »[8]. In 2003, the red-green government headed by Chancellor Schröder ended the tripartite

[8] From a broader perspective, this category comprises also Denmark and Sweden, once regular tripartite systems.

consultation at the summit. The succeeding grand coalition government from 2005 to 2009 did not re-establish it, no more than the next Christian-liberal government headed by Mrs Merkel.

Yet the essence of social exchange in Germany doesn't take place at the summit, but rather at branch level, and also in companies nowadays. The 2008 crisis gave way to an intense search for company-level and branch agreements, to « withstand » the period of crisis. In the metal industry for instance, the branch agreement allowed a possible reduction of the working week from 35 to 29 hours, with the corresponding salary loss (minus 15 %) in exchange for maintained jobs. Many agreements signed in companies aimed at reducing the number of working hours to avoid redundancies, through the dumping of working time accounts, the reduction of working hours and consequential wage cuts, as well as a massive and immediate recourse to part-time unemployment, or 'short-time working' (*Kurzarbeit*). These three modalities enabled businesses, in particular export businesses, to put the productive potential in a stand-by mode without destroying it. Despite a brutal drop of activities, total employment remained stable, largely due to the negotiated accompaniment of these measures; consensus was reached, at least on their goals. Passed the sudden crisis episode, the DGB industry-level federations resumed the renegotiation of salary rise agreements to share the fruitful success of this negotiated austerity. The point was not for trade unions to just walk out of the difficult times in the 2008-2010crisis, but also to end a wage moderation that had been causing a dreadful rise of inequalities and the emergence of in- work poverty, for more than a decade.[9].

The State, however, was not absent from these agreements. By taking prompt actions to support partial unemployment, massively used as a regulator instead of redundancies, it granted the social partners the necessary tools to produce this type of compromise. The highest peak of recourse to partial unemployment affected 1, 5 million workers, the ¾ of whom from the industry, with a total decrease of worked hours ranging from 30 to 35 %. Indeed, the long lived negotiating tradition and the consensus on the defence of international competitiveness (*Standort Deutschland*), were the fertile ground of a quickly reached agreement on the means to maintain the economic potential. In truth, it is vain to praise the merits of social dialogue without questioning its founding substance, i.e. agreeing on diagnostics, objectives, the guarantee of an effective return and the trust in the agreements compliance. This set of conditions happens to build over time, it depends on historical circumstances, existing values recognised as legitimate in society. It does not avoid conflicts but allows, at some stage, the common perception of the stakes. Of course, economic power is a crucial factor to establish diagnostics: since the 1920s, trade unions have always regarded the workers' benefits and high pay as depending on an efficient, top of range industrial apparel, drawing upwards the whole economy, and this mindset is widely shared throughout the country.

3.3 Some conclusion for Europe

The quick overview of all three types of situations provides quite a general diagnostic on the evolution of social dialogue in Europe. At a first level of extreme generalities, Europeans trade unions demonstrated an overall pragmatism in defensive times.

[9] 22,2 % of German workers have low wages, that is 8 million persons. In Europe, Germany is the top seven in its proportion of working poor, after Baltic countries, Romania, Poland and Cyprus (Schulten, 2012)

They sought– and often succeeded – to maintain collective bargaining procedures with which they had, for a long time, secured their social presence and legitimacy. The compromises they were compelled to undertake to safeguard employment have put to severe test the integrative capacity of the unions within society, and consequently their legitimacy to represent all the workers. In an adverse context, trade unions first implemented strategies to regain or preserve the normative power ensured by collective bargaining.

In this broad picture, twenty to thirty years of trends, at work in the evolution of collective bargaining, must be recollected, before zooming in on a finer period focusing on the recent times: the 2008 crisis, then the 2010 turn point that went along the « public debt crisis».

Since the 1980s, as abovementioned, collective bargaining has known a converging process, at diverse degrees in the various professional relations systems, i.e. an almost unequivocal trend, with variations, of decentralisation in collective bargaining. This decentralisation often springs from the strong will of governments, pressed in this sense by both their emplyers' organisations and by international institutions (OECD for a long time, more recently the European Commission and ECB).

As for the countries being presently observed, and as demonstrated in the following monographs, one may note the careful endeavour from trade-unions never to break the search for agreements, even in difficult situations like in Italy or Spain. The case of Hungary shows other possibilities, i.e. brutal severance caused by factors less economic than political. So the time sequencing must be fine-tuned.

In 2008, the financial crisis was a threat of collapse for the entire system; this was the time of urgency and the search for consensus. Salary moderation is more than ever in the agenda whenever the States try to conjure up the massive threats on employment. Salary turnaround has two forms: one is the evolution of the number of working hours, which dramatically decreases in all the countries; the other is wages freeze or even reduction, more or less negotiated in the private sector and always imposed in the public sector. In this first phase, negotiation is truly sought, or at least consultation, by public authorities, in countries where such traditions shape the social relations. This changed in 2010.

With the public debt crisis, the stakeholders' strategies diverged. In 2010, austerity hardened around wage moderation, turning it sometimes into regress. In countries under the surveillance of international institutions, the adjustment was radical, imposed and most of the time the subject of social protest like in Greece, Portugal. Curtailed in some situations in Spain or in Italy, the hierarchy of legal norms was abolished in Greece where the role of industry-level negotiation was undermined, and the only entitled agreements are now company-level, signed in conditions we can too well imagine.

In Italy as in Spain, the trade unions' strategy was not to urge the protest. They still endeavoured to have some leverage in arbitrations, and did not call for radicalisation. When it occurred in Spain, trade unions accompanied it but they were not the marching wing. Radicalisation was a response to inflating austerity and it deprived trade unions from their leeway. In Greece, there is no leeway at all and a true political risk is threatening democracy.

Elsewhere, especially in Northern Europe and France, reinforced salary moderation is an attempt expressing the dual need to protect the workers' employment and the

businesses' competitiveness. Formally speaking, it is treading the path of an extension of opening clauses, strengthening the companies' adaptation freedom, with a simultaneous strong State involvement to change the financial and regulatory frame: in France, the 35-hour working week module added in the August 20th 2008 Act, then the January national cross-industry agreement (ANI) that became law with the June 14th 2013 Act, are the reflection of this model. The regulation essentially takes place through the reduction of working hours: first reducing overtime, temp work, fixed term contracts, and the use of working time accounts; secondly, a State-funded partial unemployment. Temporary salary reduction is the third strand.

In the Northern countries, trade unions bear this trade-off strategy between salaries and employment within industrial systems which remain their best future income and jobs resource. In Southern countries however, including Ireland, such perspectives seem difficult to perceive today.

With austerity, trade unions from many countries negotiated - or were burdened with - harsh salary concessions; but the matching benefits in terms of employment were not always obvious. For those who escaped extreme rigour, the heart of the productive system was preserved but at the outer rim low salaries and insecurity keep spreading. In Southern countries and Ireland, radical adjustment annihilated the sphere for compromise. Social protest often considered unionism an integrated part of this system that repels a great part of the populations onto the fringe of society. Wherever some union power was maintained, the challenge was its integrative capacity. The proportion of the workforce which unions can support is dangerously dwindling and the stake is their capacity for a solidarity defence of labour.

France, as often, is in the middle of the road. Collective bargaining was decentralised long before other countries, and the coordination of company-level negotiations is not secured. The annual mandatory negotiation or NAO, concerns six to seven million workers (that is, one third to two-fifths of the private sector employees). Other workers are left to drift in a rather minimalist industry-level regulation, and in terms of salaries, they greatly depend on the French minimum wages policy. The civil society's opinion and the large social mobilisations have so far protected the minimum wages from the employers' attacks. So salary moderation is negotiated under the pressure of employment on one side, and on the other side implemented by the State with a very slow rise of minimum wages since 2008.

As for the efficacy of social dialogue in times of crisis, its form cannot be dissociated from its contents: most Western Europe countries now have many tools with more or less articulated schemes for negotiation or consultations. Most of them are frail, likely to quickly snap. But what matters above all and differentiates the systems isn't to know whether consultation rituals were maintained, if the representatives met or did they sign agreements. At the end of the day, the heart of the matter is the quality of social compromise which this dialogue allowed to build. For an observer who would be satisfied with mere appearances, the French situation is a fairly good-looking showcase of a flourishing dialogue with many shapes. However its translation into social relations strives to gain respect, and hovering doubts question its true content. The efficacy of a professional relations system cannot be dissociated from a wider sphere of long-term determining factors. It does not mean that it is forever striding in a path of absolute dependency: exogenous shocks, such as the consequences of the crisis (or a political break up like in Hungary) can shift society's mental constructions

and practices. The crisis is too recent for us to measure such types of structural effects.

Conclusion

Social democracy and crisis, four types of interaction

If the 2008 crisis did cause an economic break up, international comparison studies show that as for social relations, a significant change didn't occur before 2010. It is too soon to tell whether this change is transient or long-term, a mere parenthesis or long lasting new directions in the kinetics of social relations or social democracy, which conventional meaning was defined earlier.

In this fast overview, four forms of interaction appear between the crisis and social democracy, from a maintained centralised negotiation capacity to its decentralisation, then the reinforcement of unilateral State decision power, and last, the destruction of former negotiation systems.

It seems, at first, that countries with a pre existing consolidated system of professional industrial relations found better responses than others in this fast-changing period; even though national consultation suffered from blights in the course of its history, industry-level negotiation generally helped to cope, especially in countries where it is a tradition such as Germany, but also wherever it was built for the occasion. In the case of Germany and its federal layers, the provinces or federated States have generally proven more responsive than the central level.

Countries with coordinated collective bargaining processes have made during the crisis, one step towards decentralisation. The trend to assign negotiation within companies increased and was backed –up by another process: granting employers more power to remove themselves from public rules such as labour laws or labour codes. Even though the settlement of new rules came with negotiations at this level, agreements were developed, aiming at negotiating the terms of corporate competitiveness in exchange for employment maintenance. This is the sign of the shift of power away from the unions into employers' hands. Whether this factor is transient or structural will determine the becoming of social democracy which would hardly stand such an imbalance if it was to be maintained.

In a second phase, accurately from 2010 when the debt crisis broke out, in several countries equipped with former social democracy systems (i.e. mainly in Europe), the State's unilateral decisions became rule. Two areas suffered from major regress in terms of consultation: one is the public sector and civil officers, practically all of whom had salary restrictions, cuts on pension and operating resources, in a unilateral and sometimes aggressive manner. The other factor generally observed is the general recess – mostly unilateral but sometimes negotiated – of public rules to protect workers' employment. Situations differ depending on the economic robustness and the initial power status of trade-unions. In some countries, the workers' capacity to resist, their possibility to implement it, or the outside mobilisation of whole parts of the civil society, made a difference. In France, the 2009 and 2010 social protest certainly curbed regress measures which the government would have taken. Outside of Europe, the surprising social mobilisation of spring 2013 in Brazil is one example or Egypt with its particularly degraded social situation.

In some cases whole swathes of social democracy, pre existed before the crisis and were simply destroyed, sometimes within weeks, and sometimes, radically

eradicated. In Europe, it was the case in Greece, Portugal, Spain and Hungary - though for other reasons. Even in Italy, some half a century old rights were abolished within weeks. To which must be added the new-comers into the Union; most of their shy budding constructions of social democracy were thrown in turmoil: Baltic states, Bulgaria, Poland (partly), Hungary and even Slovenia, undoubtedly the most developed country in terms of social democracy before the crisis, and which experienced a very large scale social break out.

Most often these interventions, skipping over customary bargaining and consultation practices, and leading to a unilateral State intervention, came from international pressure, in particular lenders like the IMF, ECB and European Commission. The specific manner with which international pressure to deregulate the labour markets was conducted and disseminated, is enough to show that we were in the midst of globalisation, not only of exchanges but also of the rules which the contemporary capitalism endeavours to impose on workers.

Social democracy is both an expressed goal and the common good of the societies which made a long way towards it. Unfortunately, cast spells and wishful thinking weren't enough to spare the workers from major regress. Social democracy practices nevertheless curbed the regress, accommodated some of its terms, set boundaries and trade-offs. It is hereby much preferred rather than its absence, and with this regard, it remains a legitimate union goal in the world. The emerging countries, socially ill-equipped, are showing worrying signs of tension in Brazil, India, Indonesia, China, wherever social disputes tend to be considered symptoms of a dead end where these unleashed development modes engage themselves. Wherever social and environmental imbalances exist, challenges cannot be addressed without a minimum of progress for social democracy. Quite often it is permitted by the strengthening of trade-unionism. Other ways are on the rise, particularly the expression of the world unionism force towards an upsurge of social democracy where it is still needed, and against a major regress where social democracy was customary.

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Part II: Monographs

GERMANY

Reactivation of social partnership and the « employment miracle »

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Facing the economic crisis triggered in 2008, the mechanisms of social democracy were successfully reactivated in Germany, in both shapes of tripartite consultation and industry and company levels negotiation. This is how employment could be stabilised during the biggest economic crisis ever to strike Germany since World War II. Thanks to the legal tool of partial unemployment (*Kurzarbeit or short work)* and collective agreements adding flexibility to working time, businesses maintained the qualified employment core which safeguarded their exportation competitiveness. This generated the « employment miracle ». So after the 2008-2009 economic downturn, Germany was one of the rare European countries without a significant peak of unemployment; this, later, established and maintained a growth differential, compared to its neighbours.

1. The foundation of German social democracy

1.1. An unstable tripartite consultation

This result is even the more remarkable since the imposed « Agenda 2012» and « Hartz reforms » by the Schröder government in 2003 seemed to have been a turn point for the German social democracy and a final split between government and trade unions. As a matter of fact, in 2003, chancellor Schröder terminated the tripartite consultation which he had set up himself in 1996. He then presented a unilateral programme of neoliberal deregulation of the labour market and of social protection, named Agenda 2010. This programme included, among other things, lower social contributions and cuts in social protection (unemployment, health and pension) as well as simplified redundancy rights and possible waivers to branch collective bargaining. Only one strand of labour law was explicitly excluded from Agenda 2012: the workers' « codetermination rights » (*Mitbestimmung*) through works councils and through equal participation to the supervisory boards of large companies (see below). But as the employers kept demanding modifications of the codetermination rights, the chancellor ended up yielding to its claims and initiated, just before losing the 2005 legislative elections, a joint commission in charge of making proposals to « modernise » the system.

Concerning the collective bargaining waiver, Schröder only chose to threaten the social partners with legislative intervention if they failed to find an agreement meant to expand the « opening clauses » already contained in some branch agreements. This threat bore fruit. In 2004, the IG Metall and the metal industry employers' federation signed « the Pforzheim agreement» which not only broadens the range of themes possibly subjected to waivers, but also the final goals of the waivers: derogatory agreements could be negotiated not just if companies were in trouble, as before the agreement, but more widely, to support corporate competitiveness, innovative capacity and investments, as well as to safeguard employment or to create new jobs. Such clauses are now integrated in all industry-level collective agreements.

The reform of the labour market, the « Hartz laws », were at the heart of the Agenda 2010.This project openly embraced the neoliberal idea according to which the main culprit for the poor German economic performances is the 'prohibitive' cost of labour and the too rigid labour laws. The aim was to make labour costs cheaper, through a reduction of social contributions, and to prompt the trade unions to salary moderation. By these actions which responded to a repeated demand from employers' unions, the Agenda 2010 meant to improve the German companies' competitiveness and encourage them to hire more workers. By doing so it established new standards for social justice which shook the social-democrat, union tradition. From then on, whatever created employment was considered the fair thing to do. Salary moderation, cut tax and social contributions, all these were justified by the priority given to employment creation.

Concerning unemployment insurance, the reduction of benefits had a double justification. On one hand, the decrease of unemployment benefits was meant to encourage unemployed people to look for new jobs, more quickly. On the other hand, the aim was to activate passive expenditures by allocating more resources to employment agencies. This rationale already prevailed in the « Hartz commission » report recommendations in 2002, which chancellor Schröder had set up to reform employment policies. It recommended less automatic benefits and a reinforced control of unemployed people who had to accept much lower-pay jobs, further from their homes, otherwise penalties would incur such as reduced or suppressed benefits. These measures seemed unavoidable facing the persisting, structural, long-term unemployment. Trade unions, represented in the Hartz commission, finally accepted them, provided the duration and the level of unemployment benefits would be preserved, so the commission excluded these from its recommendations. Chancellor Schröder had beforehand promised to remain within the scope of the consensus recommendations of the Hartz commission. The Agenda 2010 breached this promise and deepened the rift with the trade unions, which the chancellor had caused when he terminated the tripartite consultation.

To keep a sense of proportion about the extent of the 2003 break, let us remind that in Germany, tripartite social consultation always lacked stable institutional grounds. The existing stable institution is the equal participation of the social partners to the management boards of the health insurance funds and old-age insurance, but their role is being transferred to the Parliament (which now sets the rules of contributions and benefits), and to those Funds' managing directors (who are the real protagonists in terms of insurance management). The unemployment insurance is managed in a quadripartite way, with participation from the federal and regional States. There again, the social partners' role is gradually dwindling.

The other forms of consultation had a growingly fleeting nature. The most significant form was the 10-year old « concerted action » on income policy from 1967 to 1977. It took another 20 years for a new entity of consultation at the summit to emerge in 1996, called « Pact for employment », an initiative from government Kohl, suggested by the chairman of IG Metall trade-union. It was short-lived, only six months. After the social-democrats' 1998 victory, the first Schröder government took it up again, calling it « Pact for employment, training and competitiveness ». This time, tripartite consultation, whilst remaining informal, had a more sophisticated institutional platform. However its results were mixed. It produced a certain number of joint statements but lacking concrete commitment they stalled in the final legislature phase. To reform employment policy, chancellor Schröder opted for a new method in

2002, commissioning a group of experts: « the Hartz commission ». It had a tripartite composition but no high-level representatives from the social partners.

1.2. Permanent social partnership within industry and company levels

Thus, the macroeconomic tripartite consultation lacked a perennial, institutional stability. This is why, in international comparisons, the German system of professional relations is not among the most « neo-corporatist » countries, i.e. States with a centralised consultation system such as Austria or Sweden in the past. The true core of the German social democracy model is the system of bargaining autonomy at industry level and the codetermination system at company level. Confederate labour unions and employers' organisations do not have any mandate for collective bargaining. Their role is simply that of arbitration of potential internal conflicts, and representation of the federations' general interests within the political bodies. The German professional relations system is the prototype of a « dual model » which installs a double channel of workers' representation. At branch level, workers are represented by unions which negotiate branch collective agreements.

Within businesses or companies, there is another representation channel: works councils. (*Betriebsrat* – literally, « establishment council »). Works councils members are elected by all workers and chaired by an employee. Legally, it is not a union, even though nearly two thirds of elected councillors are in fact unionised, whereas the chair person is almost always unionised. According German laws, works councils must « cooperate in mutual trust » with employers, i.e. they do not have the right to call for a strike. They can however convene a general assembly of workers. As a compensation for this weakness, works councils not only have information and consultation rights, but also codetermination rights. In its strongest form, such a right grants the possibility of a suspensive veto on some subjects, with a mandatory prior agreement with the management whenever the latter wants to implement a decision. Consequently, works councils can negotiate company agreements, provided they do not deal with themes already contained within the unions' collective bargaining. If they fail to agree, the management can appeal to an arbitration body. This process is hardly ever used in truth. As there is no further possible appeal after this arbitration outcome, the parties usually opt for a negotiated settlement, even on subjects which are not covered by a strong codetermination right.

Unlike what the usual translation of « Mitbestimmung », « co-management », suggests, the works councils codetermination rights do not include any economic management. A right for economic codetermination exists, apart from the sole representation of workers to supervisory boards. In companies of more than 2000 employees, this representation is that of equals, and workers are not only represented by members of the works council, but also by outside unionists.

None of the political forces today, apart from the liberal wing, contest the need to safeguard this system. Even for the Christian-democrats and Chancellor Angela Merkel, this is a tried-and-tested system fostering social peace and competitiveness. Its actual foundations were laid by a Christian democrat government in 1951-52, implementing a policy that was strongly anchored in social Catholicism. When the social-democrats took -late- office in 1969, they only expanded, at that time with the consent of the liberal party, equal codetermination initially reserved to the sole sectors of steel and coal, to all large companies. This system was imposed against the employers' organisations, but supported by some managers. If the works councils' rights are accepted today by the employers, the latter keeps opposing to

equal codetermination in supervisory boards. In 1976 employers' organisations went as far as filing, without success, a complaint with the Constitutional Court; the backlash was that trade unions walked out of the macroeconomic tripartite consultation. This opposition from the employers' organisations, for reasons which seem mainly ideological, is still persistent, as shown by the set up of a commission on codetermination by all employers' organisations in 2004. This commission asked to replace the equal codetermination by a negotiated one, with the subsidiary provision that should negotiations fail, codetermination would be limited to one third of seats, as is presently the case in medium-sized companies. This ceaseless employers' demand has prevented the Joint Committee set up by Schröder in 2005, to deliver a consensual report in 2006. Chancellor Merkel, in order to fulfil the contract of grand coalition government sprung from the 2005 elections, committed to follow this committee's recommendations only if they received unanimous approval. In the absence of unanimity, an experts' report was issued, concluding the need to maintain the current system for economic as well as democratic reasons.

2. The reactivation of social democracy in the crisis

2.1. Tripartite consultation

In the economic downturn of autumn 2008, the mechanisms of social democracy were reactivated both at the macroeconomic and company levels. The great surprise was the reactivation of tripartite consultation requested by Chancellor Angela Merkel, then at the head of a grand coalition government. Indeed, for the first time since 2003, workers' unions and employers' organisations were called to the chancellery for a « crisis summit » (*Konjunkturgipfel*) in December 2008. A second summit took place in April 2009 and even a third one in December 2009, after the set up of a coalition by the Christian democrats with the liberals. Summits of this type never happened again, either because the liberals were not interested, or because the government considered Germany out of the economic downturn. These summits were meant to discuss the necessary means to struggle against the consequences of a collapsed demand. Unlike the previous tripartite consultations, there was no outcome such as formal agreements signed by the partners, but at least, they had concrete political fallout.

Thus, after a first recovery plan in November 2008 regarded as lacking ambition, the chancellor met the demand, from both workers' unions and employers' organisations, to design strong actions able to absorb the economic shock; these were included in the second recovery plan in 2009 and totalled 80 billion Euros. The main measures from this plan were as follows:

- A Keynesian programme to support the demand, especially a Vehicle « scrappage Incentive » and a public investment programme (infrastructures and education) ;
- Reduced taxes for SMEs ;
- The extension of legal means to resort to partial unemployment. The legal length of this short-time working was temporarily stretched from 12 to 18 months. (It reached 24 months in July 2009. Brought down to 6 months in 2011, it was extended again to 12 months for 2013. The federal Employment Agency met, in 2009 and 2010, half of the social contribution costs so far entirely paid by employers. It even met the entire costs if partially unemployed workers followed training courses.

Against the workers' unions demand, the government recovery plans did not include direct aids to companies, except banks. So the government, workers' unions and employers' organisations urged the businesses to give up redundancies and invest in training. Very quickly, large listed companies, but also some family businesses positively responded.

2.2. Partial unemployment

Short time working was the beacon of the programme. Employment could be maintained, thanks to the reduction of working hours. In times of partial unemployment, salaries are lowered proportionally to the reduction of working time. Wages loss is compensated by a partial unemployment benefit paid by the federal employment agency, totalling 60 % of net salary (67 % for workers with a dependent child). Many collective bargaining or company level agreements provision more generous salary compensation. The chemical industry collective agreement offers one of the most generous provisions: 90 % of net salaries guaranteed in times of partial unemployment. In Bade-Wurttemberg, the metal industry collective agreement even guarantees up to 97 % of a net salary.

To be subsidised, companies must request it from the federal employment agency; their application must be motivated either by economic difficulties or by a strongly dropping demand. According to the law, the recourse to partial unemployment for businesses must be agreed by the works councils.

2.3. Working time accounts

Another tool meant to absorb the social impact of the economic downturn, is the set up of working time accounts or the use of time savings accumulated in accounts created by previous agreements. Equivalent measures are the reduction of overtime and the extension of days-off. During the 2008-2009 crisis, businesses first used up these possibilities before resorting to partial unemployment.

Since the end of the 1980s, the flexibility of working time through working time accounts has been included in most industry-level collective agreements pertaining to working time. In 2009, 51 % of workers benefitted from it. Initially, workers' trade unions had agreed to include these provisions in the branch agreements in response to the reduction of working time; this motive then extended to preserve employment, in critical situations. Collective agreements authorise credit as well as debit balances in the time accounts, up to +/- 400 hours in the 2004 Volkswagen agreement. In 2008 the credit accumulated in working time accounts equalled 150 000 full time jobs. During the drop of the demand in 2008, many businesses, particularly in the automotive industry and its sub-contractors, signed agreements to spread the scope of these accounts, for example up to 200 hours at Daimler's or 300 hours at BMW.

The advantage of this instrument for trade unions is that it cannot be implemented without an opening clause within a collective agreement, and it requires the negotiation of a company agreement between businesses and the works councils (to which trade unions are associated). These agreements provide that businesses must temporarily renounce economic redundancies.

In the IG Metall industrial scope, these decentralised negotiations now belong to a new union strategy called « proximity collective bargaining to businesses » (*betriebsnaheTarifpolitik*) also aiming at strengthening union democracy. The point is to intensify, in the workplace itself, the debate with the members in charge of preliminary work and follow-up of negotiations. For companies in distress, IG Metall

set up a network of « crisis managers » made of external consultants and experts from the union. The network is subsidised by the Ministry of Work.

2.4. Crisis agreements at the regional level

Partnerships were also created at the regional level. In Bavaria, IG Metall, the metal industry and the regional Ministry of Economy set up a joint task force to prevent redundancies and severance schemes. It is especially active with SMEs, to inform them on possible courses of action and the flexibility provided by both the law and collective agreements, and to support them in the procedures with public authorities.

In Bade-Wurttemberg IG Metall and the metal industry employers' organisation signed in April 2009 a « crisis collective agreement » to allow SMEs to extend the fixed term contracts from two to four years and reduce the extra contributions paid in case of partial unemployment. In North Rhine Westphalia, IG Metall and the metal industry employers' organisation signed an agreement to extend from one to two years the maximum employment time in a transfer company designed for the redeployment of laid-off workers. These are not considered unemployed workers, but they receive benefits from the federal employment agency, totalling 60 to 67 % of their prior net salary, plus an additional sum paid by their employers. In this agreement, the workers can work again for their original employers, which in principle the law forbids.

In North Rhine-Westphalia again, IG Metall and the metal industry employers' organisation signed an agreement in December 2009 to provide the possibility of swapping (subleasing) employees between two businesses. Subleasing requires an agreement between the two businesses, the concerned worker's agreement, as well as two works councils. In Bavaria, IG Metall and the metal industry employers offered a « bridge for employment » to young skilled blue collar workers who failed to find a job after their apprenticeship. They can work part-time in a company and pursue their training, whilst receiving partial unemployment benefits.

2.5. Company agreements guaranteeing employment

In some large companies, trade unions negotiated complementary collective agreements, often labelled « pacts for employment », where temporary employment guarantees were traded off against salary restrictions or productivity commitments. When the crisis broke, these pacts were effective in many large businesses, especially in the automotive industry (Daimler, Volkswagen, BMW, Ford, Opel). Other companies have since negotiated or extended such agreements, demonstrating their need of skilled labour which they wish to retain when business recovers.

Volkswagen was one of the first German companies to sign agreements for employment guarantee. As early as the 1970s, workers with more than ten years of seniority had a life-guarantee on their job. After a serious overstaffing problem, Volkswagen introduced in 1993 the four-day week (28,8 hours) without full salary compensation. In exchange, for the first time, the exclusion of economic redundancies was guaranteed by collective agreement. This agreement served as a model for the metal industry branch agreement, incorporating in 1994 an opening clause for company agreements that would secure employment in exchange for reduced working time. Other agreements extended the employment guarantees but modified salary and working time terms. In September 2006, Volkswagen put an end to its four-day week and increased the working time to 33 hours without salary compensation. In exchange, factories and employment were guaranteed until the end

of 2011. These guarantees were extended by new agreements in 2009 and 2010. The agreement signed in February 2010 extended this guarantee until 2014 and also planned the hiring of 6500 apprentices until that date. Two « funds for innovation » were set up to develop new activities inside and outside the factories. The trade-off was a commitment for productivity and the introduction of a variable individual salary component, linked to performances.

At **Airbus**, an agreement with IG Metall, signed in October 2010, also includes productivity enhancement commitment. In exchange, employment is guaranteed for the employees of German sites until 2020 (sic). The agreement also provisions to decrease the temp work proportion down to 20 % of headcount by 2015 and 15% by 2020, except if new aircraft types are launched.

The **Siemens** agreements are another emblem of these pacts. In July 2008, Siemens announced a restructuring scheme implying the severance of 16 750 jobs in the world, including 5 250 in Germany. The scale of this plan was unprecedented in the history of Siemens. In a short time, IG Metall obtained an agreement with the management guaranteeing the salvage of the company's German sites, and a restructuring plan without resorting to redundancies until September 2012. It is however appropriate to indicate here a lack of coordination among the European unions, as the Siemens European Works Council wasn't previously informed and couldn't obtain any similar agreement at the European level. So Siemens shut its Prague site, but IG Metall intervened so that at least the management improved the redundancy payments for the laid-off workers. In Germany, the employment guarantee was extended until 2013 by a new agreement between IG Metall and Siemens, signed in September 2010. This time the guarantees were extended to all the German subsidiaries. There would be neither factory closing-down nor relocation without prior agreement from the works council and IG Metall. These guarantees were obtained without matching trade-off on salaries. The agreement is tacitly renewable for consecutive two-year periods. The Achilles' heel of the agreement is that if a site is sold, IG Metall has only obtained the right for information and consultation of the Group central works council. And precisely the core of the group's global restructuring strategy is to sell non-profitable units such as solar panels or wastewater retreatment plants, in order to move the rate of return from 9 to 12 %. This caused a new conflict with IG Metall which decided in 2013 to mobilise the Siemens employees for union action days.

The case of **Opel** is different; intertwined with its American mother-company General Motors, the European works council of its subsidiary, General Motors Europe (GME) plays an active role, Opel being one of the brands. Facing the market saturation, the GME European works council was able to negotiate before 2008, a series of European framework agreements in order to reduce the production capacity in socially acceptable ways. These agreements were built on a triple principle of European solidarity: no factory shut down, no redundancy, equal share of production. In 2008 the GME workers were facing the challenges of two new merging crises: the global economic and financial crisis and the threat of bankruptcy of the mother-company which finally occurred in 2009. The new management of General Motors which took office after the bankruptcy first wanted to sell it, but changed its mind in the end. After many events, a new European framework agreement was signed on May 21st, 2010 by the new managing director and the European works council chairman, and then adopted by a union coordination group set up by the European Metalworkers Federation (EMF). This agreement took notice of the management's

restructuring scheme which made 8 300 jobs redundant in Europe, 3 900 of which in Germany. The management committed to abstain from collective severance until 2014. In exchange of what the GME workers accepted a salary freeze during this time. This framework agreement was then transposed into local company agreements. In the German agreement, the Opel workers have given up part of their bonuses. In total, 1 billion Euros was made available to GME from its workers. To prevent this amount from going away, to the United States, an independent administrator was appointed to make sure the funds were used for productive investment. Despite this agreement, GME, now called Opel-Vauxhall, had difficulties until 2012 when the management announced the closing down of its Bochum site in 2016. This was the first closing down of a German automotive factory since the war. In February 2013, IG Metall and the Opel central works council signed a new agreement with the management which provisioned a salary freeze and bonus cancelation, guaranteed employment and the maintenance of German sites until 2016, but planned the transformation of the Bochum site with a drastic severance of jobs, from 3300 down to 1200. The agreement was put to the vote of all the sites' workers. Three sites adopted it but three quarter of the Bochum employees rejected it. In the end IG Metall signed it, but it doesn't apply to Bochum. The Bochum workers can have salary raises but their job and factory are only guaranteed until 2014.

2.6. Temp work as an adjustment variable.

Not all workers benefitted from a social treatment of the crisis. The losers were temp workers. During the 2008-2009 recession, businesses quickly got rid of them. Since 2003 temp work had experienced a strong growth, especially in, manufacturing industry after the Hartz laws allowed placements of more than a year with lower salaries than the permanent workers. The only legal term was that the salaries had to be aligned with the temp work branch collective agreement. However, the latter's terms include that temp workers' wages are one quarter lower than the union salaries of the branch, on average. For the first time in a collective agreement (steel industry), in 2010, IG Metall successfully imposed a clause for equal salaries between temp workers and permanent contract workers. A certain number of company agreements such as BMW or Airbus, provide that the recourse to temp work should be reduced, and that temp workers should be gradually employed on permanent contracts, sometimes at the cost of an increased flexibility for all workers. Legal improvements also took place for temp workers. After 2008, temp work agencies could, also, benefit from partial unemployment and training subsidies. These possibilities however, were hardly used, as in times of crisis temp agencies would rather reduce their headcount. In 2011, the government introduced legal temp work minimum wages. However the government hasn't met the union demand in favour of equal salaries with permanent workers. Chancellor Merkel would favour this demand, but her liberal, coalition partner is against it.

A change in favour of temp workers came through justice. In March 2013, the federal labour Court annulled the collective agreements signed between a temp work agencies federation and the Christian Union Confederation, judged non representative. Temp workers could thus retroactively claim the difference between their wages and that of the workers permanently employed in the user- company.

Conclusion: renewed social partnership and wages level catching-up

On paradoxical impact of the 2008 crisis was that German employers ceased to demand the increase of decentralisation by law. During the employers' BDA

confederation congress in November 2009, the chairman himself announced an objective of « reinforcement of branch collective agreements »and the need for reluctant companies to return to this framework. Facing the government's announcement of decreasing public subsidies for partial unemployment, metal industry employers and unionists then recommended the reactivation of the 1994 agreement which allowed the reduction of weekly working time by company-level agreements, in exchange for employment guarantee. This led to the February 2010 agreement called « future at work » (*Zukunft in Arbeit*), an addendum to the new collective agreement for the metalwork industry; this agreement contains two models to secure employment via company agreements. The first provides the possibility to smooth out the summer and end-of-year bonuses on the monthly wages, to increase partial unemployment benefits. The second model allows the reduction of the weekly working time down to 28 hours without union consent, and down to 26 hours with union consent, in exchange for employment guarantee and partial wages compensation. The trade-off is that IG Metall accepted to postpone the union pay rises for one year.

Thanks to partial unemployment and working time reduction agreements, Germany quickly recovered from the drop in activity in 2008-2009, without a significant increase of unemployment rates. Trade unions helped the companies to meet the cost of these measures, by conceding large wages cuts. In 2009, a new inflation-adjusted reduction of actual salaries occurred, further prolonging the non-stop trend that started in 2004, whereas collectively agreed wages remained relatively constant over this period.

Which factors explain this reduction? First, the reversal in the power relationships between employees and employers, especially sensitive in the public or private services where workers suffer from social dumping strategies, or outsourcing to companies without –or with less favourable, collective agreement. This reversed power play is visible considering the decrease of bargaining coverage. While in 1996 70 % of workers in West Germany were still covered by branch collective agreements, this rate came down to 54 % in 2011 (from 56% to 37 % in East Germany). In the private sector, only 38 % in the West and 30 % in the East, were covered. This drop was not compensated by a parallel increase of company level collective agreements for businesses which ceased to follow (or only partly followed) an employers' federation, as only 2 % (3 % in the East) of workers were covered by company level collective agreement in 2011. The second driver of union strength loss comes from the consequences of the Hartz laws, i.e., the emergence of a huge low-wage sector, indeed the biggest in Europe today, exceeding even Great Britain, the first victims of neoliberal strategies of union-sapping and rising inequality of wages.

Concerning union wages, trade unions quickly demanded and obtained the catch-up of wages after the moderation conceded until 2010. Collectively agreed wages have since had major rises (in real terms) which in turn triggered a rise of real actual salaries, though slower. In 2012, the 2000-to-2009 loss of purchase power still hadn't been entirely compensated. Of course this new rise of collectively agreed wages, without its –lower- reflection on actual salaries, is somewhat linked with the growth return thanks the reinforced export competitiveness of the German industry. It is somehow a reward for the conceded sacrifices during the 2008-2009 recession. This recovered economic health still remains fragile, threatened by a slowdown in external demand following austerity policies imposed in some European countries, but also by the policy of budgetary savings conducted in Germany since 2009.

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Appendix

Social actors in Germany

1. Trade unions

There is a major union confederation, the *Deutscher Gewerkschaftsbund (DGB*). After a merging movement by the end of the 1990, it now gathers 8 federations with 6 million members. The larger federations are IG Metall (2, 3 million unionists after the merging with textile-clothing and wood-plastics federations), the Verdi unified services union (2,1 millions) and the mines-chemicals-energy federation IG BCE (0,7 million). The number of members is constantly dropping since the German reunification. The crisis did not speed up this process; the IG Metall has even registered a small increase over the last three years. The leaders of the DGB and its federations are most of the times members of the social-democrat party, less often the Greens of the left wing party *Die Linke*. Traditionally, one seat of the directorate of the DGB, but also of IG Metall, is reserved to a member of the Christian-democrat party. A project to reduce the bureau and suppress this seat has been rejected during IG Metall's conference in 2011.

Next to the DGB, is an important sectoral confederation, the DBB (*Deutscher Beamtenbund und Tarifunion*) civil servants confederation, with 1, 26 million members, which does not experience any de-unionisation. It claims an apolitical, strictly professional character, but its leaders have some links with the Christian-democrats party. It participates, jointly with Verdi, to collective bargaining for the civil service. In 2010, its rail workers federation merged and became part of the DGB under the name "*Eisenbahn- und Verkehrsgewerkschaft, EVG" (* Union of rail and transports). Another rail workers union, the G*ewerkschaft Deutscher Lokführer GDL* or train drivers union, with 34 000 members, is still affiliated to the DBB and negotiates a separate collective agreement for its union members.

The Christian Union confederation, or CGB (*Christlicher Gewerkschaftsbund Deutschlands*) claims 280 000 members. Its federations only rarely take part to collective bargaining, because they are regularly denied these rights by the courts. Most of the Christian workers follow the Christian-democrat party and the Church recommendations, by joining the DGB federations.

The union rate is clearly dropping, a joint consequence of tertiarisation and growing employment insecurity in East Germany. After a peak of 36 % during the reunification, it reaches in 2010 18,6 %, all confederations together, (ICTWSS Database). We have not recent sectoral data on union rates, but older studies show it is twice higher in the manufacturing sector, reaching 90 % peaks in automotive industry.

2. Employers' organisations

At the cross-industry national level, private employers are represented by four confederations:

1) The Confederation of German employers' organisations (*Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA)*,
2) The confederation of German industry *(Bundesverband der Deutschen Industry, BDI),*

3) The reunion of industry and commerce chambers (*Deutscher Industry- und Handelskammertag, DIHT*), gathering the regional chambers with a public status and a mandatory membership;
4) The German crafts confederation (*Zentralverband des Deutschen Handwerks, ZDH*).

Only federations affiliated to the BDA and ZDH participate in collective bargaining.

Affiliation rates are difficult to establish. In the industry, members would have represented in 1997 an equivalent of 44 % workers, but only 1, 6 % in the financial sector. (ICTWSS Database). Many businesses have left their own federation today, and many new companies do not belong to them, to escape the branch agreement. To curb this erosion, some federations have created a special membership status, exempting members to comply with the collective agreements they negotiated.

3. The State

The State has no direct intervention in collective bargaining between trade unions and the employers. It must comply with the collective autonomy guaranteed by the Constitution. To extend collective agreements via the Ministry of labour is legally possible, but with firm conditions, so hardly ever practiced. In some branches, the government sets the minimum wages.

However, the State has a strong role as an employer. The civil servants, a minority within public services, don't have the right to collective bargaining or strike. Only employees and blue collar workers have the right to have collective bargaining.

Public employers are mainly represented by three actors:

1) The federal ministries, represented by the Minister of Home Affairs,
2) The bargaining community of the Länder (*Tarifgemeinschaft deutscher Länder, TDL*),
3) The communal employers‘ association (*Vereinigung der kommunalen Arbeitgeberverbände, VKA*).

The federal ministries and the VKA jointly negotiate a national collective agreement, so does the TDL for municipalities. The Länder of Berlin and Hessen, which have at the moment left the TDL, negotiate regional agreements.

BELGIUM

Cross-industry social consultation is grinding to a halt

Jean Faniel, Michel Capron and Bernard Conter[*]

Traditionally, Belgian trade unions and employers' organisations negotiate, every other year, a cross-industry agreement (AIP) scheduling, among other things, wages rise for the entire private sector. Since the outbreak of the economic and financial crisis in the end of summer 2008, social consultation has faced growing difficulties. In autumn 2008, it became very difficult to reach an AIP, however it was enabled by the important financial means brought by the government (mainly, the reduction of taxes or social contributions, apportioned among social partners). Two years later, the preliminary agreement that was signed, with a delay, in January 2011, was rejected by two or three unions. Very recently, the two main trade unions announced there would not be any AIP for 2013-2014, as the government « invited » social partners to abstain from increasing the wages beyond the index[10] and salary scales.

Since 2008, the State's budget margins have shrunk, the socio-economic situation became worse, the government pursued a reduction policy of the budgetary deficit, hereby restricting the means that would have helped the social partners to reach their agreement; the scope of salary negotiation was increasingly straight-jacketed, fuelling dissent between trade unions and employers. Consequently, cross-industry social consultation threatens to seize at each new negotiation.

The question was, in the beginning of 2013: will the logic of constrained salary negotiation, which has impregnated consultations since 1986, go on spluttering as it did since 2005, or is this the start of a new period of either unreachable AIPs, or a deeply redefined social consultation losing its autonomy and contained in the government agenda?

1. A well-established social consultation which nevertheless transforms

The draft project for a social solidarity agreement signed in 1944 by unions and emplyers representatives, set up a multi-level consultation system, which foundations were laid down in pre war Belgium (Arcq and *al*., 2010). From 1960 it became customary for social partners to have regular autonomous bargaining in the shape of

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[10]By mechanisms which may vary from one joint committee to another, Belgian salaries are traditionally indexed more or less automatically following the consumption prices. Concretely, when inflation reaches some threshold, the salaries and welfare benefits increase by 2 %. This system is periodically adjusted by the social partners, reviewing for example the composition and change in product mixes which make up the « shopping basket » used to figure out the consumption price (index). Since the 1980s, the algorithm was modified in different ways, (smoothing of a three-month average, deduction of oil products, tobacco or alcohol from the consumer's « basket »…) in order to reduce and slow down the salary indexing, thus causing a neat regress in the employees purchase power. In spite of international pressure (OECD, IMF or European Commission in particular) and repeated demands from the employers and right wing parties, the principle of automatic wages indexing was so far preserved.

an agreement called ‘Social programming’ providing progresses in terms of salaries, working time, number of days-off, etc. In exchange, trade unions committed to secure social peace for the whole length of the agreement (two years)[11]. This periodical national cross-industry bargaining tops up the following mechanism: the AIP applies to all the private sector companies and employees. Then, at industry level, and company level, bargaining takes place where trade unions and employers’ demands are fine-tuned, for instance in terms of wages or flexibility. Thus, an AIP allows improved conditions for workers from weaker sectors, using the potential mobilisation capacity of the colleagues from stronger sectors, without hampering them. This system also enables companies to negotiate, at various levels, an appropriate labour organisation suiting their own needs whilst preventing social competition among them.

The low productivity gains, the slowing down economic growth, the major restructuring schemes and the peak of unemployment have prevented the social partners to reach an AIP since 1977. The government actively responded in terms of social consultation, setting the frame of industry-level and company negotiations, even forcing, in 1981, a relatively limited cross-industry agreement. From December 1981, the government, sometimes labelled neoliberal, has conducted an austerity policy, notably through salary freeze, by resorting to powers said to be “special”, outside of parliamentary framework; there was a reversal in the kinetics of wealth distribution, negatively adverse to workers. From the middle of the 1970s until the middle of the 1980s, « the government has shifted the centre of gravity of social negotiation onto companies, turning it into an instrument for its economic policy, to restore competitiveness via salary moderation » (Capron, 2010: 231).

A new period came with the reaching of an AIP in 1986. The logic of this two-year agreement, and the following ones, was to support corporate competitiveness, very far from the logic of social progress which drove the negotiations in the 1960-1975 period. The demands from the employers became increasingly assertive at the negotiating table while the capacity of trade unions to bargain suffered more and more consequences of the crisis. Employment was no more a central concern in AIPs, and was perceived as a mere growth factor: the focus was on training, labour costs, flexibility, unemployed workers’ support, rather than work sharing and working time reduction.

As for wages, increasing constraints have taxed the bargaining. The 1989 Act on the « safeguard of competitiveness » provisions a comparison of the evolution of salaries in Belgium and three main neighbouring countries (Germany, France and the Netherlands) and allows the government to take *post* corrective actions if the gaps are too big. The 1996 Act on «employment promotion and the *preventive* safeguard of competitiveness »[12] provides that bargaining itself must be determined on the basis of this comparison. The Central Council of Economy (bringing together employers and trade unions) publishes, usually in September, a technical report figuring out the projected evolution of salaries in all three countries, the inflation rates expected in Belgium, and the possible margin for salary bargaining derived from these estimates. Social partners negotiate in autumn, within an informal organ called

[11]The 1960 agreement alone had a three-year schedule .The name chosen in 1960 and 1963 was «joint agreement » ; it became « national cross-industry agreement» for agreements concluded between 1966 and 1975 ; the qualificative term « national » has been given up since 1986.
[12] We stress.

Groupe des Dix, an agreement valid for the two following years. Every time, the bargaining of « wage norms », as well as the type of these norms– whether guiding or binding – is a major stake and the source of strong dissent. While salaries automatic indexing and wage scales are guaranteed by law, the estimated inflation to come and the surplus of salary rise are the heart of the debate.

In this way, consultation has gained a tripartite dimension, even if only the social partners are at the negotiation table. The government signposts and orientates the bargaining, investing a significant budget in order to promote an agreement (reductions of social security contributions, modification of labour taxation…), integrates the negotiation outcome in its employment policy, and enforces the agreement implementation or, failing that (like in 1996 and 2005), acts in lieu of the social partners, including to set the salaries evolution. Besides, the growing involvement of the European Union in the economic and employment policy (Conter, 2012) is an increasing leverage on Belgian social consultation.

2. A context of multiple crises

The crisis triggered in 2008 fuelled the conflict between social partners, made it complex to reach an agreement, and in the end made it purely and simply impossible.

At first, the dreaded unemployment peak turned out to be limited, notably with existing economic unemployment schemes (Viprey, 2011) for blue collar workers and their extension, (not without protest) to employees. According to Eurostat, the unemployment rate nevertheless went from 7 % in 2008 to 8,3 % in 2010, before it dropped again. Above all, several major closedowns were announced (Arcelor Mittal in Liege, Ford in Genk) recently increased concerns about employment.

On several occasions, public authorities were requested to recapitalise the main banking institutions in the country, (involving amounts equal to 6 % of the Belgian GDP), going as far as granting, in some cases, major guarantees. The Belgian public debt ratio strongly has decreased since the 1990s (dropping from 138 % of GDP in 1993 to 84 % in 2007); it increased again and now approaches 100 % du GDP. After a surplus in 2006, deficit in Belgium dropped to -0,1 % of GDP in 2007 to 5,5 % in 2009. Since then, consecutive governments have set the goal of bringing it down to less than 3 % in 2012 and reach breakeven in 2015, in order to comply with European expectations (Conter, Vander Stricht, 2011).

After a first period of releasing significant budgetary resources for economy and employment recovery plans, public authorities came back to austerity. If not as drastic as in Southern Europe countries, it was unprecedented in Belgium. Several areas of social protection had adverse consequences, in particular early pensions, (various measures to raise effective retirement age), unemployment (stricter entitlement conditions, time-limit for the payment of some benefits and reinforced gradual reduction of grants; youth and part-time employees are the main victims of these reforms aiming at activating unemployed people and at further increasing the flexibility of the labour market) or healthcare (the budget increase was substantially slowed down). In the same time, capital income contribution was clearly more limited, much to the discontent of trade unions, among others protesters.

This difficult socio-economic situation had a background of major political crisis, alternatively latent or open. (Conter, Faniel, 2010). For a long time the francophone political parties have tried to resist the Flemish political parties' demands for a new

reform of institutions, granting more autonomy, competences (in particular in terms of employment and unemployed people activation policies) and budgetary and taxation resources from the federal authority to the federated entities (including Flanders, wealthier than Brussels or Wallonia). The Flemish right-wing nationalist party N-VA became the leading party in the country during the 2010 elections, the sign of a growingly right-winged Flemish electorate, whereas most of the francophone electorate is left wing. N-VA has used all its might to influence the formation of the new federal government, and conditioned this formation to a prior institutional agreement. So the social negotiations since 2008 were followed by governments subjected to community conflicts; the government in office during the 2010-2011 winter was resigning, and so in a situation of weakness. These governments also were characterised by a heterogeneous composition, mixing liberal, Christian – democrats and socialists parties, some francophone and some Flemish (one exception was Flemish socialists before December 2011). Nevertheless all these parties have a common goal to bring back the public finances to breakeven, though they favour different solutions to achieve this. Let us note that community conflicts also affect trade unions, even though they remain national organisations.

At last, the relationships between social partners are hampered by the need to bring the statuses of blue collar workers and employees into harmony, also a request from the European Union and from the Belgian Constitutional Court which demanded its implementation before July 8th 2013. This involves many things, including the length of dismissal notices, consequently affecting workers' protection against redundancy. While employers advocate for a downwards alignment of statuses to increase labour flexibility, the trade unions want to avoid this levelling down. But the latter are divided internally, their structure partly lying this employees/blue collar workers distinction; such is the case between the two main organisations (Belgian Christian trade unions confederation, CSC, and the Fédération générale du Travail de Belgique, FGTB, with a socialist orientation)[13] : employees' organisations refuse the degradation of their members' conditions, fearing absorption into blue collar workers unions. So far the conflict remains and the positions have hardly changed.

3. 2008-2013: from a difficult agreement to an absence of agreement

The bankruptcy of the American bank Lehmann Brothers, declared on September 15th, 2008, and the breakout of the financial crisis, occurred shortly before the beginning of cross-industry bargaining in Belgium for the years 2009-2010. The social partners' concerns, already hard to conciliate before this event, were impacted and the conflict intensified. The government mobilised important financial means to bring social partners to an agreement, whilst exposing some of its political goals, focused on employment preservation, in the negotiators' agenda (Capron, 2009: 14-15 and 18-19). Mediation by the president of the central council of Economy was resorted to, to make this agreement come true, qualified as « exceptional » and not strictly labelled as an AIP. The agreement was bleakly signed by unions. In spite of its high cost for public finances (some two billion Euros over the two years, supported by social security and the federal budget), it was approved and carried out by the government. Bipartite in principle, consultation regained a tripartite form, which

[13] The number of employees kept growing and they outnumbered blue collar workers in 2003. In both CSC and FGTB, the union centre with the highest number of affiliates is an employees' union, even though blue collar workers outnumber employees. The reason for this is a very high union rate (Faniel, Vandaele, 2012).

wasn't new. (Arcq, 2008: 65-75). The striking fact is the amount of government expenditure for this intervention.

This allowed a rise in the social security compensation income as well as major reductions of « social contributions » in favour of businesses. Unlike in the previous AIPs, for active people, the increase of net salaries was negotiated instead of gross salaries, hereby impacting social security income and the workers' social rights. More, the newly set salary norms were binding and no more guiding as they were in the past, and their implementation modalities were to be negotiated through company and industry-level bargaining, i.e. the rise was not quite acquired by the sole conclusion of this agreement (in the end, out of lack of branch or company level agreements, some workers couldn't benefit this rise). Trade unions couldn't, on the other hand, obtain the increase of minimum wages. And no progress with regards to bringing statuses in harmony was made. Later, employees' temporary unemployment was made possible by the government, in a transient measure that was an important change in the debate on harmonisation, as this evolution levelled down their position to that of blue collar workers, less protected.

Two years later, negotiating was even more trying. The government had been in a process of resigning for several months, negotiations meant to achieve a new institutional reform and the formation of a new executive power was in a dead end. Social partners were (or put themselves) under strong pressure to demonstrate that « Belgian style compromise » wasn't gone for good. Yet, their respective points of view were very different. Trade unions privileged employment and the rise of the purchase power of employees, stricken by the crisis and adversely affected by the dismal terms of the previous AIP; CSC and FGTB estimated a 1,1 % negotiation margin, in addition to the wages index and salary scales (Capron, 2011 : 21). The employers recommended strict salary moderation and the abolition of wages automatic indexing. In charge of « dealing with current businesses », the government was politically, and even more financially, incapable of putting important means on the table.

After some blockages and the conciliation of the president of the National Labour Council, a draft agreement was signed in January 2011 (Capron, 2011: 25 and s.). Other than the application of salary scale rises, it provisioned to maintain the wages automatic indexing, and announced that a reform of the index would be examined. Beyond, no salary rise was allowed for 2011 and the progression was limited to 0,3 % in 2012, far lower than in the previous periods (from 1,2 to 3, 5 % over two years, see Conter, Vander Stricht, 2011: 14). The salary norms were also confirmed in their binding nature. Minimum wages somewhat rose, but even then, it was in net pay (and not gross wages). Only 60 % of the projected sums were reapportioned to raise social welfare. The draft agreement contained no data with regards to training, or R&D, i.e. the trade unions' priority (employment), was only seen through the looking glass of management: salary moderation. Besides, the draft agreements settled some aspects of the harmonisation of blue collar and employee statuses reducing for instance the length of dismissal notices for employees, sometimes a lot, without significantly extending that of blue collars, and burdening the social security with this levelling cost; unemployment for economic reasons for employees was decided. In both FGTB and CSC, employees' organisations refused to sign this draft document. But at cross-industry level only the FGTB, met by CGSLB, maintained this refusal by rejecting the agreement. Even after organising a protest day, (Gracos, 2012: 10-20), FGTB and CGSLB didn't gain much, except the use of 100 % of the

budget projected to support the rise of social welfare (at the time this paper is written, 2013 February the 1st). After the attempt to conciliation, the (still resigning) government adopted the memorandum and decreed salary block in 2011 and the application of the 0, 3% norms the following year.

The consequence of this episode was a several-month breakup of the common frontline which traditionally binds the unions. More, the contents of the memorandum of understanding and its application decided by the government considerably hindered salary negotiations at branch and company levels. CGSLB complained to the ILO about what it considers an impediment to bargaining freedom. However, in some branches, agreements were signed between the social partners, provisioning above-norms salary rises. The federal minister of Employment refused to validate them.

In addition to being a token of the social partners' difficult agreement, this episode demonstrates the difference of strategy between, on one hand, the CSC whose leaders supported the memorandum of understanding, emphasizing the 'stand alone' importance of an existing compromise despite its flaws (which they acknowledged) and, on the other hand, the two other trade unions. Yet the FGTB didn't quit the negotiating table to mobilise its affiliates and recreate a test of strength, as it did in the past. Mobilisation occurred in the end, after the rejection of the memorandum of understanding, and the union with a socialist orientation mainly turned to the socialist party so it could alter the government's decision (which it did, mildly, in the end: Capron, 2011 : 52). One may think that the union negotiators' strategy itself somewhat compromised later mobilisations. By choosing to sit on at the negotiating table against the odds, and signing the memorandum of understanding, they reckoned the very existence of such a text which the government then embraced although the rank-and-file from two of the three trade unions refused to sign it. Then, it is to be noted that the government opted for an application of a text approved by management but rejected by a large part of union members. It did not choose to let the branches freely negotiate, which would have granted more leeway to the workers' representatives-but would have been much more criticised by corporate federations.

In the end a new government formed in December 2011, headed by socialist Elio Di Rupo and bringing together socialists, liberals, Flemish and francophone Christian-democrats, carried out right away a budgetary austerity policy and, with a package of social reforms adverse to (both active or unemployed) workers, especially targeted (pre)retirement or unemployment. Soon the protest rose organised by a re united union front, but the government policy did not shift (Capron and *al*., 2012). By doing so, Belgian trade unions demonstrated that in spite of high and ever-growing union rates (Faniel, Vandaele, 2012), and even though they still had significant capacities to mobilise their members, they strove to ward off the attacks on workers and to strongly leverage political decisions (Faniel, 2012).

The continuous decline of the economy (increased debt after recapitalising Dexia, shutdown of major businesses and growing job losses) did not help the trade unions. Yet the social consultation schedule was rich. Social partners were meant to agree in September 2012 on the budget distribution lowered to 60 % by the government, to support social welfare. Later, during fall, they were meant to negotiate an AIP. At last they were to seek an agreement by July 2013 on the harmonisation of statuses, to prevent the government itself from handling this complex case (both technically and

politically complex, even for a government with such a mixed composition). Management preferred to postpone the first round of negotiations, much to the discontent of unions, in order to link it to cross-industry negotiation in the hope of having some bargaining chip, to force the trade unions to engage in salary moderation. In November, arguing the need to re establish the businesses competitiveness in Belgium, the government « invited » social partners to set salary norms at 0 % and made it a binding term, insisting on the salary progression planned in 2013 and 2014via indexing and salary scales. It also requested the negotiation of the indexing review to limit the rises brought by a maintained automatic indexing. Management and trade unions also were requested to bargain the « modernisation of labour laws », to agree on the levelling of statuses by March 2013 at the latest, or else the case would be handled by the government, and to negotiate the 1996 Act, implying that the salary block could be carried out not for two years but for six years, to restore the competitiveness of Belgian wages versus those in Germany (which recent evolution is now known, especially for low incomes), France and the Netherlands.

By doing so, the government demonstrated an acute interventionism into the competence of social partners – reinforced by the King's Christmas speech, strongly urging social partners to agree within the frame outlined by the government – and gave management a comfortable position. More, its decisions heavily impacted the proceedings of social consultation at industry and company levels, leaving next to nothing in terms of salary negotiating margin, except if workers' unions accepted to trade off some atypical, individualised forms of income (profit-sharing incentives...) against more flexibility, which they are traditionally reluctant to do.

Trade unions' outcry was immediately heard against such governmental will, yet no common mobilisation was organised. In January 2013, the CSC and FGTB declared that an AIP could not be reached, due to the lack of real negotiation on salaries, considered by trade unions the very core of social consultation. Yet, none of the two trade unions threatened to quit the negotiating table. In the same time, management and trade unions agreed, in the National Labour Council, on a rise, certainly limited, of minimum wages (especially for people aged less than 21), on the distribution of the support budget meant to increase social welfare allowances and on the apportioning of social contribution reductions granted to businesses. Social consultation was thus maintained. Besides, the government urged the social partners to agree on the levelling of statuses and on the « modernisation of labour laws », two areas in which management seemingly had much more to gain than trade unions, if an agreement was reached. In this context the trade unions' strategy does not seem perfectly clear. Did they seek a collection of partial agreements without accepting to label them 'AIPs', to signify that they rejected the salary issues framework imposed by the government? Would they boycott future negotiations, within the Groupe des dix and/or at industry and company levels? Would some professional unions try to obtain, in strong sectors, agreements exceeding the salary indexing and scales, at the risk of causing their non-application by the federal Minister of Employment, like in 2011? Or if trade unions organised a mobilisation from their members, what shape would it take?

Conclusion

The course of social consultation in the private sector in Belgium demonstrates several changes, induced or emphasised by the financial and banking crisis. Far from

being bright in 2008 (the unemployment rate, according to Eurostat, had never been below 6,5 % since 1977), the economic situation neatly declined since. The pressure hardened on workers, directly with salary moderation or indirectly through reforms on social protection (retirement and unemployment in particular). Until now, however, Belgian employees haven't experienced the social regress suffered by their counterparts in southern European countries. And despite repeated attacks, automatic wages indexing was preserved – for how long? Though, it could have a cushioning effect on the seriousness of the crisis.

In three mandates, the cross-industry social consultation has very clearly changed in Belgium: an « exceptional » agreement was signed in 2008, the 2011 memorandum of understanding was rejected by two of the three trade unions and there shall be no AIP for 2013-2014. From very difficult, the conclusion of an agreement became impossible, without the break-up of social consultation at any levels, national, cross-industry or other.

With the tremendous dwindle of budgetary margins, the government wasn't able to quickly oil the machinery of social consultation as it did in the past, until 2008. Its increasing intervention to confirm (in 2011) then even recommend (in 2012) salary moderation, also had a role in this re-shaping of cross-industry consultation.

For its part, management has been growingly offensive, feeling by supported European demands and the government decisions or intentions in terms of deficit reductions, reforms of social protection and salary moderation. It did not hesitate however, to claim more, advocating the abolition of automatic salary indexing and demanding more flexibility from workers.

In these conditions and despite their robustness compared with several of their counterparts in Europe, Belgian trade unions seem in trouble. They seek to bargain and preserve social consultation on top of everything, but not necessarily at all costs. They still have capacities to mobilise their members but struggle to establish power relations to fend off the abovementioned attacks. Divisions rose between trade unions, between blue collar workers and employees unions, or between francophone and Flemish organisations, wasting their strength or even clogging them up. At last, they have but a meagre return from their relations with political parties.

For the moment, one may wonder about the future of cross-industry consultation in Belgium. Will constrained negotiations keep spluttering on? Or is this a new phase, similar to the 1977-1985 period, when social partners were out, and the government itself off the hook? Or this might be a new phase where consultation is not only under government tutelage but also monitored by the latter. In the future, the situation observed since a couple of months might be repeated, with the government setting the negotiation frame, in particular on salaries, and mandating the social partners to agree on some modalities in the implementation of policies decided by the government itself, while the Executive take the upper hand again, if negotiations between management and trade unions fail or do not meet government expectations.

To make things more complicated, the rise in Flemish nationalism, supported in particular by some of the region's management, could cause, overtime, an increasingly regionalised consultation.

Thus, the crisis started in 2008, but also the other crises experienced in Belgium (at the institutional and political levels), could considerably reshape social consultation in

a country where it is a deeply rooted tradition in all company, national and cross-industry levels.

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Appendix

Consultation and its actors in Belgium

The « Belgian model of social consultation » is often alluded to. It features a major autonomy for social partners, their quasi systematic consultation by public authorities about socio-economic issues and the equal management of many institutions, including social security.

If Joint committees were created as early as 1919, the foundations of consultation were truly laid with the 1944 social Pact. There are three levels of consultation: cross-industry, sectoral and company level.

Belgian unions draw their power from a high union rate, (65 % of the workforce, excluding unemployed people, students and (pre)pensioners). There are three main confederations: the "Confédération des syndicats chrétiens de Belgique" CSC, 1 665 000 members in 2010), the Federation générale du travail de Belgique (FGTB, 1 500 000 members) and the Centrale générale des syndicats libéraux de Belgique (CGSLB, 275 000 members). Employers' associations represented in consultation bodies are the Federation des entreprises de Belgique (FEB), the Union des classes moyennes (UCM) and its Flemish equivalent (Unizo), as well as agricultural organisations (Agrofront) and the Union des entreprises à profit social ("social-profit companies" UNISOC).

The main organs for cross-industry consultation are the Conseil central de l'économie (Central Council for Economy), created in 1948, and the Conseil national du Travail, (National Labour Council) created 1952. The government refers to social partners for any initiative which concerns them, and collective agreements are negotiated and adopted. At last, they traditionally negotiate every two years in the « Groupe des Dix », cross-industry agreements for the salaries scheduling and rises, but also various items with regards to working time, holidays and vocational training.

The regions and community levels also have economic and social councils with representatives from the concerned industries' unions, consulted with the competences of the relating federate entity.

At sector level, employers and workers' representative directly bargain on specific items, and sign collective agreements pertaining to their branch.

SPAIN

A tradition of social consultation, broken by the Spanish austerity

Catherine VINCENT (IRES)

One specific feature of Spanish social relations is a more than three-decade old search for social pact. Since the middle of the 1970s, the shared will of the social partners has been to anchor social democracy in the heart of a new socio-economic model through cross-industry and national consultations rather than company-level confrontations. This centralised negotiation is an actual tripartite consultation, i.e. including State participation. The liberalisation of Spanish economy brought new impulse for collective actors, a part of which were decimated during the Franco period. (See appendix 1).This part of history left its marks on the reforming union movement. With a low representation within enterprises, unions have targeted the national level as a firm ground for their legitimacy. Their strategy was encouraged by the consecutive governments which tried to make trade unions the key actors in the democratisation process. Of course there were difficult times ahead for bargaining policies, such as at the end of the 1980s, but on the long term social dialogue was alive and kicking and a seemingly essential part of employment relations.

Initiated during the Zapatero socialist government and increased by the conservative Rajoy, the severe austerity regimen weighing the Spanish economy seems to have won out over national consultation. Since the end of 2012, unions have openly contested austerity policies and labour market reforms... to not much avail. If the cross-industry negotiation is, now, out of question, trade unions remain at the negotiating table in industry and company levels, where they are often forced to negotiate lower working conditions standards for workers in the hope of preserving employment.

1. the construction of social democracy, compatible with Europe

The specific trait of the consultation process built up since 1977 is that it is neither institutionalised nor based on a system of stable and centralised industrial relations. It is an occasional but recurrent consultation in a context where the relations between social actors and their strategy keep changing shape. The main feature of the agreements signed at cross-industry level, is that they spring from an inevitable State voluntarism, after the omnipresent Franco State and due the initial weakness of collective actors (Vincent, 2003). At the other levels however, a dense network of negotiations has formed in the past decades.

1.1. A national tripartite consultation depending on political strategies

Tripartite social consultation comes in two distinct periods: from Franco's death until the end of the 1980s, and from 1997 until the economic crisis (Vincent, 2003). In the early post-Franco years, and until the middle of the 1980s, the challenge was to seal the still frail democratic unit but also to ensure the country's economic catching up, with a mixed process of salary moderation and more flexible labour market on one hand, and the development of social protection and the design of union rights on the other hand. Workers' unions and employers' organisations chose a centralised and global consultation strategy with the government, which allowed each to secure its

legitimacy, strengthening both the trade-unions' structure and the influence of employers' organisations on small entrepreneurs.

With both the 1980s economic crisis and constraints imposed when joining the European Union, the workers' compensation dwindled. The process of bargained salary policy collapsed. It led to a period of open opposition mobilisation headed by the two large unions CCOO and UGT, against the economic policy of the socialist government. The latter simultaneously reduced social protection expenditures and introduced strong employment flexibility, responding to the employers' needs of an increasingly open economy whilst bypassing the legal constraints of the labour market inherited from the Franco period. Massively spreading, temporary forms of employments came from the legalisation and later the liberalisation of the recourse to fixed term work contracts or temp work. The success of these formulas among employers transformed the labour market, in which from 1994, temporary employment became the contractual rule. Since the early 1990s, the rate of temporary employment exceeded –and ever since remained, 30%. The radical transformation of labour market first came through governmental action in consultation with social partners; immediately after a climate of strong social dissent reigned (1988) where unions claimed their opposition to (socialist) Felipe Gonzales' various legislative reforms aiming at deregulating the market.

The second period of social consultation started at the end of the 1990s (Tuchszirer, Vincent, 1997). A notable twist occurred in the stakeholders' strategies, including the unions. The 1997 cross-industry agreement on employment stability is a milestone of this turn point. The purpose of the signatories, i.e. all the workers' unions and employers' organisations, was clear: lower dismissal costs for stable employees in exchange for a limitation of the recourse to temporary contracts. This was made possible as trade-unions embraced the idea that strict dismissal rules obstructed the creation of stable employment. This new orientation was also based on the statement, by trade unions, that the past decade head-on opposition prevented neither the labour market deregulation nor the massive increase of temporary contracts. The UGT and CCOO then engaged into a most pragmatic union strategy through consultation with the management. The State still supported this consultation: the second presidency mandate of the Aznar government, from 2001 to 2004, is an exception in which the government wanted to unilaterally impose a return to the labour market deregulation. Two decrees adopted in 2001 and 2002 despite union protest, aimed at flexibilising the recourse to part time work and encourage a quick return to employment no matter its nature or quality. With (socialist) José Luis Zapatero's election in 2004, the government sought to promote stable employment again, through social compromise.

This national tripartite social dialogue unquestionably had positive impacts on the labour market. In the 1997-2007 decade, the once high unemployment rate, concerning in 1996 more than 20% of the labour force, went down to 13% in 2001 then below 8% in July 2007. However, after a slight decrease, the recourse to temporary employment hardly receded afterwards, accounting for 26% of jobs in 2008, the highest rate across the Euro zone. The economic crisis finally caused these insecure jobs levels to drop, and not the employers' commitment for stable employment: in fact the former temporary workers became unemployed. The disadvantage of this consensual method is that reforms depend on the parties' will to conclude an agreement. The negotiations on the labour market reforms, initiated by Zapatero soon after his election, were meant to end in the end of 2004; they only

ended in 2006, a delay caused by both a employers' resistance and lack of conviction from the government, which often seemed divided as to which measures to adopt. Beyond the vicissitudes of the national dialogue, the negotiation kinetics kept very lively at other levels.

1.2. An inventory of the collective bargaining system before the reform

The central position of the State in national dialogue did not impair the dynamic nature of social compromise. Thus a system of autonomous industrial relations was created, and collective actors were consolidated. From the mid 1990s, in parallel with cross-industry negotiations, a set of collective bargaining developed at the level of autonomous communities (regions), provinces (similar to the French "départements"), sector-level (either national or territorial) and companies, in a complex bargaining system with little coordination between levels.

Over 5 000 collective agreements were signed, year after year, covering some 10 million workers in a little less than one million companies, that is, almost 45% of the workforce.[14]. The bargaining fabric however was fragmented and without much hierarchy between levels. Thus coordination between levels was indispensable and ensured by cross-industry agreements. From 2002 to 2008, workers' and employers' union confederations signed an annual cross-industry framework agreement on collective bargaining ("AINC"). AINC provisions are not binding but guiding the negotiators, mainly in terms of wages, working time, but also employment and working conditions. The wage rises negotiated in these annual agreements are based on government forecasts on inflation for the year; superior wages increases may exist, if productivity gains allow them. The distribution of these potential productivity gains belongs to sector-level or single-employer level negotiation. Adjustment clauses may also be introduced in the collective agreements in order to maintain the workers' purchase power. Since 2005, following a demand from the employers, the signatories also include a priority goal to curb « unjustified » absenteeism.

The bargaining coverage rate of the private sector workers fluctuated from 85 to 90 %. Through the number of company agreements tended to increase since 1985, the number of workers covered by these agreements remained stable. This paradox can be explained with the structure of the Spanish economic fabric, in which three quarters of businesses employ less than six workers[15]. Out of all the collective agreements signed every year, about 70 % are company level, but only 10 % workers with a bargaining coverage, benefit them. Branch and territorial negotiations retain a significant role in the Spanish bargaining system. The bargaining dynamics only concern large companies: on average, companies benefiting an agreement have around 255 workers, and the average headcount of companies covered by a branch agreement is 7 workers. Until the last reform on collective bargaining, company agreements were able to waive terms from industry-level agreements, against workers' interest, unless forbidden in the concerned sector-level agreements[16], a clause usually imposed by the trade unions, in exchange for their signature.

[14] *Boletin de estadisticas de convenios colectivos*, Ministerio del Trabajo y Asuntos sociales, Madrid, 2012.

[15] This is according to Spanish law, the minimum staff to have employees' representatives and the right for collective agreements.

[16] There isn't in Spain, an equivalent of the French favourability principle. The coordination hierarchy between different bargaining levels is determined by agreements themselves.

Company level agreements hardly required any formal setting, and might be signed with the works council, the employee delegates, or the union representatives. In this case signatories-trade unions must represent a majority elected members in the works council. Company agreements are binding and concern all the company's employees.

Over the past ten years, the contents of agreements has also changed, beyond the trodden path of wage bargaining to include job classifications, working time organisation, employment or the prevention of professional risks. However, this expansion of the agreements' contents solely concerns large companies.

The collective bargaining system is not just characterised by its decentralisation towards company level, even if this actual trend has been confirmed since 1985, but also by the poor coordination between different bargaining levels. Bringing some hierarchy across the multiple possible levels of negotiation has been an issue in the minds of social partners since early 2000. They have a common will of strengthening company bargaining to add flexibility in the working and employment conditions, to help businesses adapt the economic circumstances.

As early as 2008, one endeavour shared by both the workers' unions and employers' organisations was to rationalise the rules of collective bargaining. The progress in the bargaining processes was several times affected by the strategic changes of the CEOE, which finally refused to sign in 2012, betting on the almost certain election of the right wing. While trade unions demanded a mere adaptation of the current system, employers' organisations kept pushing for the in-depth reform of four main strands. First, they favoured company agreements and turned them into flexibility instruments to adjust the working and employment conditions to the fluctuating market. Sector-level agreements would then be limited to the sole regulation of bargaining procedures. The second main strand of the employer's project was to challenge the maintenance of acquired gains according to the *ultractivitad* principle, which granted workers the benefit of provisions negotiated in the latest applicable agreement, whenever a collective agreement was denounced, and pending the conclusion of a new agreement. Thirdly, the implementation of an opt-out clause had to be easier; the existing mechanism of passing through a sector-level mixed committee was deemed too long by the CEOE. The last major strand in management demands concerned the modalities to determine wage rises, including pay review clauses. The employers demanded that such clauses be removed from cross-industry bargaining.

The trade unions vigorously defended these review clauses, for they are an exclusively defensive tool preserving productivity gains. According to unions, the coordination of collective bargaining on wages since 2002 allowed, on the contrary, a moderate wage increase, which resulted in increased purchase power for workers and increased benefits for businesses. The evolution of collectively agreed wages over the past years confirmed, in any case, the efficacy of the system in terms of wage moderation. Besides, the application of the pay review clauses wasn't automatic but negotiated. The UGT and the CCOO equally firmly refused to engage any further in the two other orientations. Instead, they proposed different means to ensure better articulation between sector and companies. Each sector should negotiate the fundamentals of labour relations to harmonise the entrepreneurial practices, and let company levels bargain specific items i.e. job classifications, labour organisation, and safety at the workplace… The whole challenge was to find

mechanisms which gave room to negotiations thus guaranteeing that workers were heard when economic circumstances required the modification of working conditions and organisation. As for the *ultractivitad* principle, union confederations struggled to keep it. As for opt-out modalities, the confederations were open to discussion. The first reform of the freshly elected government Rajoy, in the end of 2012, was about the functioning of labour market and collective bargaining; here it satisfied management demands (see below).

2. Crisis, a telltale sign of the weaknesses of the Spanish economical and social model

The 2008 global economic crisis revealed the vulnerability of the Spanish growth model in the years 2000: intensive in low-skilled, unstable employment, based on households' demand towards real estate and services, enhanced by low interest rates, this model did not survive the downturn of real estate and credit markets. Spain was hit by economic recession with the same force than most countries. From the first term 2008 to the first term 2009, the GDP dropped by 3%. Spain however, is one of the rare countries to remain in recession. The Spanish economy, bent under the severe austerity regime of Mariano Rajoy's conservative government, was still in recession: the 3rd term, 2012 is the 5th consecutive period with a GDP recess. Employment evolution also differentiated Spain: the very clear decline of the labour market was as spectacular as was its redress from 1997 to 2007. The Spanish unemployment rate, rising again from autumn 2007, exceeded 20% of the workforce in May 2010, back to the peaks in the end of the nineties. In 2012, unemployment increased by 13% and today, 26% of the workforce, the highest rate among OECD countries. The number of unemployed people went over 6 million at the end of May 2013. The sluggish growth rate and the brutal peak of unemployment, together with an acute disinflation, seriously threaten the economy with deflation.

2.1. after policies to support the demand, the downturn of austerity

At first, the Zapatero government, like other European governments, supported the demand through its policy. Two measures set in 2008, the 1500 Euro « baby-check» and the 400 Euro tax rebate granted to middle and lower income taxpayers, were an emblem of this policy. The debt crisis of the Euro zone made a difference.

From mid 2010, responding to the European Commission pressure, a gradual reversal of the government's budgetary policy took place. The monetary European crisis in early 2010 forced the Spanish government to adopt a drastic budgetary austerity plan, threatening to impact its growth. The slight recession slowdown (+0, 1% in the first term 2010), visible since the second term of 2009, failed to comfort the financial markets; the latter kept an eye on the booming public deficits which reached 11, 4% of GDP in the end of 2009. Spain, like Greece, had to face speculative attacks in the early 2010. To try soothing financial markets and respond to pressing demands from the European Commission, the Spanish government opted for a stability programme with an ambitious goal: to bring the public deficit back down to 3 % of GDP in 2013. This programme was at odds with the previous orientations, and based on a now well-known triptych: plans to bring public finances back to breakeven, labour market reforms and review of the public pension system. Budget savings were announced as early as March 2010, the pensions reform schedule for 2011 and the labour market reform published in the official journal on September 18th 2010.

A response to the growing deficits, the Finance Act, adopted at the end of 2009, was itself a breakup and left behind the tax reduction policy of the early terms of office. It demonstrated the will to cut down expenditures. The increase of direct and indirect taxes was meant to draw an extra income of 11 billion Euros and the reduction of public expenditures reached 3, 9%. In parallel, the government increased indirect taxation by an increase of VAT rates, prolonged in 2010. Still, this clampdown spared social expenditures which kept their role in favour of employment: the set up in August 2009, for example, of 421€ monthly minimum wages for unemployed people at the end of their benefits.

Yet, the plan wasn't enough and the Greek financial crisis, in the beginning of 2010, threw a certain number of countries –Spain included- on hot seats. The European Commission and the financial markets increased their pressures, imposing to the Spanish government a tightening budgetary austerity. After several budgetary savings announcements which failed to convince his European partners, accused of inertia both by employers' organisation and opposition parties, Zapatero resolved to speed up the public finance consolidation by presenting to the Council of Europe a new readjustment plan. The civil servants' salary reduction by 5% on average in 2010, breached the salary moderation agreement (+0,3% per year) concluded for three year at the end of 2009 between the government and civil servants' trade unions, had undoubtedly caused huge union anger. After considering a day for general mobilisation, and renouncing, the CCOO and UGT simply supported the quite unsuccessful call for strike from civil servants' trade unions, on June 2nd 2010. The 2011 draft Finance Act, presented in the end of September 2010 to the Parliament, prolonged the austerity regime initiated in the first semester 2010. The budgetary consolidation effort was based on both public expenditure cuts, and increased tax revenue.

2.2. Social dialogue shaken by the crisis (2008-2012)

The unions didn't let go of their tacit support to the government, until the 2010 austerity plan which reformed pensions. Two specific propositions about pensions appeared in the document without any prior consultation, and lit the powder keg. On one hand, the plan was to extend from 15 to 25 years the number of years taken into account for the earnings calculation, i.e. the reference which determines the pension payments; on the other hand, the plan was to rise the retirement age from 65 to 67 year old. None of these measures was publicly announced to political parties or social partners, causing trade unions' outrage. This method broke with the so far consensual tradition of pension reforms adoption. The recent Spanish pension reforms had always been the outcome of a long consultation and bargaining process, involving all political parties and social partners. This consensus was a privileged association between the government and trade unions, even in the end of the eighties, with the introduction, next to the general "pay-as-you-go" pension arrangement, of a supplementary funded scheme (Tuchszirer, Vincent, 1997). The shared will of the political and social stakeholders to reinforce the pay-as-you-go retirement scheme, was reaffirmed on February 1995, with the signing of a political agreement called the Toledo Pact. Since then, the commitment to ensure the long term financial balance of pension funds was implemented through a reserve fund, constituted by excess receipts in favourable times and by the regular review of the financing parameters followed by a MPs committee. This consensual method had so far survived the political changeovers. The participation to the demonstrations

against the pension review project was not as massive as expected by the organisers.

In parallel with their strong opposition to pension reforms, trade unions came back to the negotiating table of tripartite consultations on the labour market reform. The negotiations failed, due to the employers' intransigence. All along the first semester of negotiations, the employers' organisations drummed a simple, though contradictory message: the only way to curb unemployment was to ease lay-off procedures. The employers' idea was to design a single work contract provisioning a reduced severance pay and a limited dismissal judicial protection, including the suppression of the administrative authorisation for collective economic reasons redundancies and a reduced termination pay. The employers gave no space for compromise, and negotiations ended on June 10th with a note of disagreement. (Martín Puebla, 2011).

The Minister of Labour first presented a decree-law, adopted with difficulties on June 18th, by the Parliament. It was validated with abstentions (from the People's party, the right wing and nationalists) rather with votes in favour of the text. Facing the trade unions' strong opposition, the government sought firmer support from the various political sides, and conditioned the labour market reform to the adoption of an Act. The parliamentary process hardly modified the initial text enacted on September 18th, 2010 (Vincent, 2010). The reform had four goals: to struggle against the labour market segmentation by making insecure contracts less attractive and by increasing their costs, close to those of stable jobs, improving internal flexibility for companies, promoting youth employment and improving the functioning of job centres (see appendix 2). Trade unions wanted to demonstrate the population's opposition to the September 2010 labour market reform, and called for general strike on September 29th. The expected success wasn't met, compared, for example, with the demonstrations against the two large labour market reforms in 1994 and 2002, the last contest having forced José-Maria Aznar (PP)'s government to give up his main innovations on unemployment insurance. The mixed success of this protest might be caused by the limited scope of the 2010 reform; in any case it explained the trade unions' caution until the end of 2012.

There was a clear signal of stalling social dialogue between workers' unions and employers' organisations, in the beginning of the crisis: in 2009 they failed to renew the cross-industry agreement (AINC) framing sectoral wage bargaining. The 2010, 2011 and 2012 AINC was finally signed on February 2010, after nearly a year of deadlock. The document first stated the need to promote permanent contracts through sector-level and company bargaining, and framed the recourse to temporary contracts, limiting the latter to the sole concrete purpose of short term production. The agreement also provisioned that staff would be informed about sub-contracting and outsourcing in their company. Above all it provided, as in the previous years, the framing of wage evolutions. The uniqueness of the new agreement was to cover three years, the estimated time needed for a return to a stable economic growth. In exchange for the employers' commitment to struggle against insecure jobs, the trade unions accepted wage moderation for three years. The wage rises negotiated at lower levels wouldn't exceed 1 % in 2010, 1 to 2 % in 2011 and 1, 5 to 2, 5 % in 2012. These wage rises were below the inflation forecast from the European Central Bank. That is why the text included a review clause that would be brought into force at the end of the three years. It would allow workers to recover the potential losses in

purchase power, by readjusting their salary on the real, consolidated inflation rates of the three-year period.

In particular, the AINC provided, in sector-level collective agreements, the inclusion of « knock-off », or exit clauses allowing a company with economic difficulties to exit the agreement if a joint arbitration committee authorised it. Wage moderation was then widely used at sector-level. In the large chemical industry for example, workers' union and employers' organisation federations agreed to prolong for one more year the previous wage agreement, ending in December 2009. The revision clause within this agreement was not enforced before the end of 2010. The 2009 inflation rate was 0,8 % whereas that projected in the 2009 agreement was 2 %. The industry-level social partners agreed not to lower the salaries; instead they considered the 1, 2 points difference, a pay rise for 2010. If the chemical industry agreement was not too adverse for workers, other industries demanded greater sacrifice when the power relations were unfavourable, i.e. the retail industry.

The signatories of the AINC also committed to open bipartite negotiations on collective bargaining reform, meant to deal with three strands: the definition of mechanisms to articulate the different negotiation levels, the role of bargaining in the design of employment and working conditions policies, the possible adaptation, negotiated or not, of labour organisation to suit the businesses' needs. Collective bargaining reforms and the labour market flexibility have been recurring issues in the Spanish public policies, whether to increase them or not, and they are well worn subjects of debates between unions and employers (Fundación 1° de Mayo, 2012). Zapatero's government cautiously reformed these two areas, maintaining some balance in the social partners' positions. Indeed, the September 2010 Act changed lay-off rules into less favourable modalities for workers, but it also met the goal of reducing the labour market segmentation (Vincent, 2010). Collective bargaining decentralisation increased, whilst maintaining the primacy of sector and provincial bargaining levels. Zapatero's conservative successor did not share this will to privilege dialogue, partly to demonstrate his capacity for a clear political break and emergency actions.

3. Radical reforms on collective bargaining, a threat to perennial social democracy

In December 2010, working sessions resumed, though constrained by a deadline, March 2011, set by the government. In the absence of agreement, the latter kept the possibility to itself set the legal frame of collective bargaining. If an agreement seemed feasible mid March 2011, the complete strategic turnaround of the CEOE caused negotiations to break off and the Minister of Labour had to present a draft law to the Parliament, adopted in the end of June 2011. The text was largely based on the consensual state achieved by the social partners before discussions broke off. It set a time limit to the *Ultractividad* mechanism, (expiring two-year coverage agreements were prolonged for 8 months, and longer validity agreements for 14 months). The recourse to internal flexibility was made easier: collective agreements had provide fast-track procedures to adapt the working conditions and employment to the businesses' situation; also, salaries "drop out" was eased for companies whenever their difficulties « threatened the possible maintenance of employment », provided the drop out was strictly temporary and limited to three years.

3.1. New conditions for collective bargaining

As he came into office in November 2011, conservative Mariano Rajoy took much more radical deregulation measures of the labour market and collective bargaining. The new leader of the government had it at heart to stand out from his socialist predecessor, meeting the main demands which the employers' couldn't so far impose on trade unions or on the socialist government. One of the professed goals of the February 2012[17] decree is to equally reassure the European Commission and the financial markets on the Spanish Executive will to remove the labour market rigidities; in this field, the success is still uncertain. In terms of labour market functioning, the law provided a strong reduction of redundancy costs abolished the administrative authorisation for economic reasons lay-off, extended the range of unilateral modifications of work contracts by the employers. In terms of collective bargaining, priority went to company-level bargaining to add flexibility on working conditions (see appendix 3). Two provisions especially promoted this flexibility: the first increased the employers' leeway to unilaterally change the work contracts; the second reinforced company level collective bargaining. From that time on, priority was given to company-level agreements rather than higher bargaining levels, so the particular needs of businesses were met. The reform also extended the clauses enabling employers to "remove themselves" from the collective agreement application fields, using economic, technical, organisational or production arguments. These "opt-out" exit clauses did exist before; however, besides the significantly extended range of cases authorising them, from then on if a dispute rose between employers and workers' representatives, the final say belonged to the National Consultation Commission on Collective Bargaining (CCNCC)[18]. This mandatory arbitration process was loudly contested by trade unions, because it is not a joint committee but a tripartite one, with central administration representatives. This according to trade unions is State interference in collective bargaining.

For CCOO and UGT unions, this law was not only inefficient to revitalise the economy, it was also unfair to workers and dangerous for employment. According to the unions' standpoint, the main consequence of the new scheme was an easier and cheaper redundancy process for businesses. The impact studies on this reform showed a rather negative impact on employment. One study, for example, analysed the reform in terms of job destruction and a one point GDP loss, and showed that employment destruction quasi doubled between 2009 and 2012. This labour market reform not only failed to curb the crisis effect, despite the government's claim, but it seemed to intensify them.

3.2. A multiplication of national level conflicts

The population very widely opposed the reform. The mobilisation went way beyond the mere union forces and increased in the course of 2012, often merging with the movement against the effects of the economic crisis. Two highlights organised by unions were the general strikes of March 29th and November 14th. To keep up the pressure exerted by the protest movement, the two large confederations sought support from the civil society. Many civil society organisations engaged, on April 24th, 2012, in a « social platform for the defence of social protection and public services » gathering 150 associations. Other than the main professional and confederal trade

[17] The royal decree adopted by the government on February 1Oth 2012 was immediately enforced even if it still needed to be approved by the Parliament which on this occasion, had the possibility to amend it. This did not happen and the Parliament voted for the final text on July 6th the same year.
[18] The new functions of the commission were settled in a decree published on September 28th 2012.

unions including civil servants, the group is composed of representatives from many professional associations and actively social organisations defending public health, education services, or consumers. Thus the group organised several demonstrations, including a massive march on Saturday 15th of September 2012. The purpose of the platform was to bring together the contest from local or specific sectors, and give them national audience. For trade unions, this was the way to exit the dead end of government intransigence.

This movement several times joined that of workers from sectors hit by the full force of budget cuts. First, civil service: in response to dramatic wage reductions and job suppressions projected in July in the last governmental austerity plan[19], a massive civil servants' demonstration called by the CSI-F (independent civil servants' federation), the UGT and CCOO, took place in the evening of July 19th 2012. Unprecedented phenomena preceded the official march, i.e. many spontaneous protest forms such as bereaved civil servants dressed in black at work, mourning for public service, standing in front of their workplace at mid-day or gathering in front of the People's Party headquarters. Local authorities' agents, as strongly hit by the budget cuts, often mobilised in the past months. Another victim of austerity was the coal industry. Spain experienced a series of strikes in extracting industries in May and July, and « black blocs » converging towards the capital city to protest against the 63% cut on coal mining subsidies for 2012.

The mobilisation against the government austerity policy hasn't faltered since the beginning of 2013. On one hand, the group tries to appeal to a citizens' referendum against social budget cuts and the labour market reform. On the other hand, days of action are called on a regular basis. The last to date, on March 10th, 2013, led to important demonstrations in a hundred cities.

Conclusion

The legislative reform of labour undeniably imbalanced the relations between management and workers. Trade unions find themselves in a vulnerable position forcing them to consent wage reductions exceeding those negotiated in the rest of Europe, and degraded working conditions. In this country where unionism is weak at the workplace, staff representatives are bounced around by the contingencies of businesses' corporatism. The way the employees support trade unions which engage into negotiation to preserve jobs, shows how difficult it is for representatives within companies to resist blackmail and pressure from the management. They internalise the need for workers to cope with degraded working conditions to keep their jobs. And it is true that in some companies, the recourse to flexibility avoided redundancies, or even promoted recruitment in the automotive industry, for instance.

The other strand of the reform of collective bargaining grants increased leeway in the employers' decisional power. Small companies were the ones to largely resort to this extended flexibility, and this left the concerned workers exposed to managerial decisions. This extreme flexibility coupled with the reduction of redundancy costs, is the reason why one of the first visible effects of the labour market reform was increased unemployment.

[19] The plan projects 65 billion Euros budgetary cuts on public expenditures, over two years. For civil servants that means increased working hours and decreased Christmas bonuses amounting to a 7% salary cut.

Expressed or not, a collective awareness prevails in the population's minds, of the injustice of budget cuts and the true regress brought by labour market reforms. This feeling is acutely reinforced by the suspicion of bribery hovering above the People's Party leaders, including their number one, the head of the government. The two previous general strikes, though strong, did not shift the Executive's position and for now the unions do not plan to pursue this type of action. Despite their weakened capacity to contract through multi-sector-level collective bargaining (due to governmental intransigence) or at other levels due to the reform, the two top unions keep betting on social dialogue with employers, a strategy they had in the past decade, to try and defend the workers' interests amidst in times of economic crisis. They choose to sit on at the negotiating table although they fail to influence the course of governmental policy or bend the political decisions, in spite of a real mobilisation power.

Appendix 1

National actors: Workers’ and employers’ organisations

Trade unions

Since the return to democracy in Spain, the two dominant main union organisations are the UGT (Unión General de los Trabajadores – General Workers Union) and the CCOO (Comisiones Obreras – Blue collar workers Committees). During the last trade union elections (elections of representatives to the works councils and employee delegates), both unions totalled 70% of votes. Other confederations, the CNT (anarchist), the CGT or USO (catholic), declined and have lost representativeness to negotiate at the national multi-sector level. In some companies including the public sector, autonomous or confederate trade unions may prevail. But the biggest threat on the predominance of the two large confederations comes from nationalist trade unions within some Autonomous Communities. The main nationalist trade unions are the ELA-STV (Basque country) and the INTG (Galicia).

If the UGT and CCOO scores to union elections are satisfying both in terms of workers’ participation and number of votes, the union rate is overall low in Spain, especially in SMEs. However, an exceptional increase in memberships has taken place since the middle 90s, ranging, according to the OECD, around 19%.

- *UGT and the break out from PSOE*

Born at the end the 19th century, the UGT was by tradition close the socialist party. Close to the point that its Secretary General from 1976 to 1994, Nicolas Redondo, happened to be one of the historical leaders of the PSOE on exile. Yet, after a strategy of social pacts with the socialist government, since 1986 the UGT opposed more and more firmly to Felipe Gonzales’ economic and social policy. The break point was the UGT participation to the great strike of December 1988. Since that time, the organisation ceaselessly cemented the unity of union action with the CCOO. This has been their orientation until today.

- *The CCOO: a pragmatic will to negotiate*

The Blue Collar workers committees spontaneously emerged in the mid 60s, when social struggle up surged in spite of the dictatorship. Born from the committees elected by assemblies of workers during the numerous conflicts of that period, they were the first open opposition to the Franco regime. Two activists forces engaged into them: communists and catholic left wing; the latter quickly left the committees under the too strong Communist influence. At the Franco’s death in 1975, the committees equipped themselves with more structured organisational tools, however the confederal level remained underdeveloped for a long time, and internal organisation was hardly centralised and sector-level federation being weak. By nature, being essentially composed of communist activists, for the first ten years of democratic transition the CCOO strongly opposed the government policy and used the workers’ mobilisation.

A deep renovation movement in this union started since the middle 1990s, in two ways: one was the reinforced independence of the union from political parties, the

other an increased autonomy of industrial relations unionism, through a new privileged pragmatic strategy of resuming collective bargaining with employers. This orientation also privileged the unit of unions.

The employers’ organisation: CEOE

The economic and social representation of the Spanish employers is performed through only one organisation, the CEOE (Spanish Confederation of Employers’ organisation). Born in 1977, it represents both large and small enterprises. The latter have a union called CEPYME, affiliated to the CEOE.

Public sector companies are also represented in the employers’ union. Public companies, still largely shaped at the end of the 80s by Franco’s legacy, cover a heterogeneous group of activities beyond what is generally meant by “public sector” in the rest of Europe. The main reason why public companies belong to a private businesses’ organisation, is that their capital is partly State-owned. The public sector has tremendously dwindled since the privatisation movement engaged from 1987 by the socialist government, and ever since pursued by successive governments.

According to Spanish industrial relations experts, but also representatives from the Ministry of Labour, the employers’ peak organisation has some problems of representativeness in some sectors of the economy, i.e. legitimacy issues, in their decisions and orientations. Though it inherited from Franco regime’s vertical unions, a certain number of sectors remained factually outside the new organisation. So multi-sector negotiations have always been more active than sector or company level negotiations.

Appendix 2

September 18th 2010 Act on labour market reform

Less attractive fixed term contracts.

- The rules adopted in 2006 provide that employees on fixed term contracts, who have the same job for the same employer for 24 months in a period of 30 months, following the conclusion of two or several fixed term contracts, become permanent workers. The new Act brings more in favour of workers, as they can re-qualify as permanent workers even if they had new duties or a new employer within the same group of businesses, or if companies are relocated.
- The new time limit for fixed terms contracts concluded for a defined task is maximum three years, extendable for another 12 months by collective agreement. In the frame of parliamentary process, a derogatory item was introduced in the building contractors industry which can waive these limitations by collective agreement.
- If a fixed term contract becomes a permanent contract, employers must inform the concerned workers 10 days after the fact generating the status change.
- Increase of fixed terms contract termination pay (excluding apprentices, trainees and replacement workers) from 8 days per worked year to 9 days in 2012, 10 days in 2013, 11 days in 2014 and 12 days in 2015

Modification of lay-off rules.

- New, more liberal, formula of economic reasons redundancy: enterprises must prove their negative economic situation but also reasonable connection (whereas the decree-law mentioned *minimal* reasonable connection) between this situation and redundancies. The interpretation of this new formula belongs to the judge (for individual redundancies) or to the Labour administration in charge of authorising collective redundancies, if the workers' representatives and the management couldn't reach any agreement.
- This principle of reasonable character did not exist before, and should encourage employers to resort to justified redundancies (compensated 20 days per worked year) instead of systematically opt for unjustified redundancy, heavily compensated (45 days in ordinary contracts), to avoid legal procedures.
- Individual redundancy modalities become more flexible. The lay-off notice is brought down from 30 to 15 days. In case of non compliance with redundancy procedures, dismissals are no more annulled: laid-off and employees won't be reintegrated in the company anymore, but they will get a compensation for unjustified redundancy.
- The wages guarantee funds (*Fondo de Garantía Salarial*, FGS) will bear part of the compensation costs owed to the employees in case of dismissal. From

a baseline of 20 days of wages per worked year (justified redundancy), the FGS will pay 8 days and employers 12. Here let us remind that if employers chose the « unjustified » (*improcedente*) redundancy, the compensation is 45 days.

- The special permanent contract launched in 1997 aiming at reducing job insecurity (providing 33 days of redundancy compensation) is extended to almost all workers.

Improve internal flexibility.

- Laws redefine situations where employers may unilaterally change the working conditions (working hours, duties, pay, etc.). Now employers can modify these working conditions to avoid negative outcomes for the company.
- The reduction of working time required to switch to partial unemployment regime goes from a minimum reduction of at least one third of the working time to 10%. The maximum limit is 70%. Partial unemployment is also more attractive for employers, since the social contribution reduction for partially unemployed workers goes from 50 to 80 % if the company offers active measures (such as training).
- The partial unemployment benefits shall be calculated using un-worked hours and no more days.
- The waivers to sector-level collective agreements for companies in economic distress are now possible. The decision to reduce salaries must be the subject of an agreement between the company and the workers' representatives.

Increase youth employment.

- The reform tries to make apprenticeship more attractive for employers, mainly by suppressing social contributions. Thus, for apprenticeship contracts signed until end 2011, the government will subsidise all the social contributions normally paid by employers and apprentices. More, apprentices are now entitled to unemployment insurance. The government will also subsidise any job offered to youth whose integration to the labour market is difficult totalling 800 Euros for three years.

Improve work placement services.

- Private work placement agencies, which previously could only be not-for-profit organisations, can now make profits.

Appendix 3

The 3/2012 July 2012 Act on « emergency measures to reform the labour market »

In terms of employment creation

- Creation of a new contract, only for companies employing less than 50 workers, with a one-year probationary period.
- Reduction of social contributions if new permanent jobs are created for some target populations: youth aged less than 30; unemployed people aged more than 45.
- Reinstatement of the ban to employ the same worker on temporary contracts for more than 24 months.
- Creation of individual lifelong training accounts following employees all along their professional course, matched with an annual right for 20 hours of training paid by the employers.

With regards to work contract termination

- In case of an *improcedente* (unjustified) redundancy, the compensation for all work contracts is brought to 33 days per year in the company (with a ceiling of 24 months of wages). It used to be 45 days paid per year (with a maximum of 42 monthly payments).
- The motive for redundancy caused by absenteeism, is no more assessed in relations with the absenteeism level of the whole headcount, but individualised.
- There is no more administrative redundancy authorisation.
- The motives for economic reason redundancy, with benefits totalling 20 days per year in the company, are extended; this confers employers more legal safety when they lay off workers with such methods.
- Collective economic reason redundancy is made possible in the public sector.
- It is forbidden for employers to force their workers into retirement.

In terms of collective bargaining

- The maintenance of advantages acquired in the frame of expiring or denounced collective agreements (principle of *ultractividad*) is limited to one year (versus two years in the February royal decree).
- Priority is given to company level agreements versus higher level of collective agreements, with regards to working time organisation, wages, internal mobility...
- Employers can claim economic, technical or organisational reasons to unilaterally proceed with substantial changes in work contracts (working time, overtime, part time work contracts, geographical and functional mobility…).

- In the absence of collective agreement on annual working time distribution, employers can have a 10%-flexibility.
- Companies with two consecutive trimesters of deficit will be able to waive the conditions of the sector-level collective agreement. In case of disagreement between employers and unions concerning the application of this derogatory clause, the National Consultation Committee on collective bargaining will settle the dispute in 25 days.

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FRANCE

Social democracy or new corporatism?

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Despite the conflict caused by the developing neoliberal policies, France is still a significant reference for the so-called European social model: public systems to collectively managed pensions, health, unemployment, maternity, disabilities, etc., partly through joint responsibilities between social partners and the State; quite widely operating public services in transports, energy, education; an apparel of collective bargaining and social dialogue evocative of this « social democracy » defined in the introduction of the present study.

The upheaval of this social « model » was extensively documented in the sectors of healthcare, housing, pensions, etc. (see IRES, 2009). The main origin of these challenges lies in an economic evolution tending to sap the foundations of the social State. The employment crisis from 2007 to 2008 has propelled the unemployment rate to a very high level (above 10 % according to ILO definition); more, long term unemployment clearly increased (+ 500 000) over the past two years. If social transfers, higher in France than anywhere else in Europe, did play a shock-absorbing role in the most acute time of crisis, inequalities nevertheless kept their strong ascent (INSEE, 2012), tearing to pieces many strands of the social model.

The only component in this report, pertains to social democracy, is understood as the articulation between three spheres: lawful rights framing social relations, public action in this area, conducted by public authorities (local or national) and the different arenas of collective bargaining and/or social dialogue.

The new development in the economic crisis broken out since 2007 occurred in a particular moment of especially instable redefinition of the relationships between the State, trade unions and employers' organisations. Since the beginning of the 70s, the scope of collective bargaining evolved a lot, with, in their central level, diverse forms of articulation between the Law and branch negotiation; and downstream, a three-step development of company bargaining: first, the acknowledgement of union outlets within companies, and of the union representative (17th December 1968 Act), then, the mandatory time allotted for collective bargaining at this level (Auroux Acts, November, 17th 1982), and last, the development of a gradual autonomy from the higher level norms.

The focus will be the successive collective bargaining evolutions; then their articulation and their contribution to the vitality of social democracy.

Over the past years, there was a blooming of many places of negotiation or dialogue, which brought diversity in the landscape of social democracy: within corporate groups, within companies said to be « European », in the territories as well as at the European level. The collective bargaining fabric nevertheless kept its three traditional organisational levels: a national, cross-industry level, an industry level and companies. Here is an overview of these three levels.

1. A contradictory reinforcement of cross-industry dialogue

When the dominant trend in Europe was rather the decentralisation of collective bargaining, the French situation may look like a paradox, as it demonstrated some densification of central level negotiation. This renewal was hardly due to the spasms of crisis but mainly to typically national factors revealed by recurrent social movements since 1995, often understood as a « social democracy deficit » or an excess in State interventionism. From the 2004 Act (said the Fillon Act) which in its preamble ascertained the need to consult the social partners, to the January 2007 Act (said the Larcher Act) which imposed it, the orientation aiming at « improving social democracy » gained in speed; the reform on the representativeness of trade unions retrospectively appeared to be a prerequisite of this goal.

1.1. Law and/or negotiation, a very French dilemma

The type of articulation between the Law and negotiation, considered 'ordinary' bargaining in the 70s, implied that a national agreement between the social partners, with or without official State presence, became transposed into an Act, a sign of progress in the acknowledgement of the workers' individual and collective rights. Thus, the July, 16th 1971 Act establishing ongoing vocational training, was the legislative translation of the July 9th 1970 cross-industry agreement on « the individual right to vocational training » signed by all the social partners. More generally, during the 1970s, cross-industry agreements became laws and improved the workers' conditions (monthly wages, supplementary social protection, job security), which Alain Supiot called in his time « Law-making negotiation » (Supiot, 1996).

This flood of centralised negotiations came straight from May 1968 and from a break with the previous times when management refused the very principle of cross-industry negotiation excepted for institutionalised bilateralism (*paritarisme*) (Weber, 1991). The practice died away after 1976, in spite of some revival attempts by R. Barre's government on working conditions (1978) or, in the early Mitterrand era, on working time (1982). The failed 1984 cross-industry negotiation on flexibility was somehow the temporary swansong of this type of agreements. Indeed, in the early 1990s, when Europe experienced a great number of « social pacts » with different shapes, (Pochet, Fajertag, 2001s), France seemed to have almost totally slipped through this net[20]. A renewed attempt in 1989, another in 1995, gave birth to framework cross-industry agreements meant to be applied at industry-level, but this application hardly happened at all.

Almost exceptional, the negotiation of the 'retraining agreements' in 1987 was a consequence from the abolition by the government of the prior redundancy authorisation issued by the administration. It is the symbol of another type of articulation between the Law and negotiation, the latter being like a modality of managing the consequences of public unilateral decisions (Groux (dir), 2010).

A new trend emerges after 1998, sprung from Ernest Antoine Seillière's new MEDEF President after the decision by L. Jospin's government to legislate on working time. This renewal came into practice through nine workshops of so-called « social re-

[20]Of course we do not forget the domains of *paritarisme* (unemployment agreements, supplementary retirement schemes, vocational training) which, across this period, went on securing a cross-industry link between systems of alliance between stakeholders: employers, workers' unions and State.

building », carried out from 1998 to 2002 in the name « the social partners' autonomy » in relation to the State. This was mainly a war head against the leftwing government, guilty of the 35-hour work week Act. As soon as the right wing was back in office (2002), the MEDEF saw to it that the party was over and asked a sympathetic government to undo and reform things as they wished.

After a relative « blank » period from 2002 to 2006[21], cross-industry negotiation re surfaced, the sign of a new era with milestones such as a renovated articulation between the Law and negotiation. Laws were negotiated prior to their enactment by the government or the application of government decisions was devolved to social partners; these reactivated the cross-industry negotiation and became the two main types of articulation between laws and negotiation (Groux, Mériaux, Duclos, 2009).

1.2. Social democracy or crypto corporatism?

The supplementary protocol was added to the treaty of Maastricht (1992) and brings an innovation in Europe by considering the possibility for European «social partners » (ETUI, UNICE, CEEP[22]) to investigate a social topic on their own initiative leading to negotiations which, if achieved, have two ways to develop in the Community: either a faithful translation into a directive, or their implementation by similar means (centralised negotiation) in the Member States. This provision was included in the Amsterdam European Treaty 1997 (articles 138 and 139).

In a way, the January 31st 2007 Act on « modernising social dialogue » (so called Larcher Act) which established a mandatory consultation of social partners by the government prior to any law-making on employment, vocational training and labour relations, seemed to echo the abovementioned provision, as it constrained the political power to sieve social reforms through negotiation. Enacted after the disastrous "new employment contract or CNE in 2006, this new process aimed at preventing policies to be forced through in areas where social negotiation is considered an efficient and democratic gain in the establishment of a norm.

Consultation before the Act, The January 31st 2007 Act

(extracted from amended article L 101-1 from the Labour Code)

The spirit of the reform is summarised in the first sentences: "Any reform project envisaged by the Government with regards to individual and collective labour relations, employment and vocational training, and that falls under national cross-industry negotiation, is subjected to prior consultation with workers' and employers' unions representative at the national and cross-industry level in order to enable such negotiations.

To this effect, the Government sends them a guidance document with elements of diagnostic, the goals pursued and the main options.

When they express their intention to engage into such negotiation, organisations also communicate to the Government the proposed timeline they think is necessary to carry out negotiation. »

[21]The 'consultation' of trade unions about pensions reform in 2003 cannot be considered seriously. (Pernot, 2010).

[22] ETUC, European trade unions Confederation; UNICE Union of European community industries ; CEEP, European Centre for public companies.

The Act had some limitations, for example a provision excluding « emergency cases » authorised the government to legislate directly[23], the qualification of 'emergencies' belonging to the sole government. Besides, the legislative propositions from the Parliament are excluded from the application scope, a common bypass for the government, to impose certain rules, i.e. working on Sundays in 2008 and the prolonged duration of pension contributions (to 41,5 annuities in 2008)[24].

It also allowed some circumvention, as the government is by no means bound by the conclusions of negotiations between social partners. This was evidenced in 2008, with the introduction, in the August 20th 2008 Act named « renovation of social democracy and working time reform » of a module on working time which had never been discussed in the common position prior to the draft law. All the workers' unions opposed this add-on[25].

Despite these blatant exceptions, several rounds of negotiation-consultation occurred in 2008 and 2009: the agreement on labour market modernisation, on January, 11th 2008; the common position on « representativeness, development of social dialogue and unions finance » on April 9th 2008; the GPEC agreement (provisional job and skill management) on November 14th 2008, the December 23rd 2008 agreement on unemployment insurance, the January 7th 2009 agreement on lifelong learning and careers. This ambiguous phase ended with the 2010 pension conflict which was the breaking point between unions from all sorts, and the Sarkozy-Fillon presidency.

In the beginning of 2009, two demonstrations with a massive attendance were organised by unions, preceding the long battle on pensions in autumn 2010 which showed the extent of decline in the relationships between trade unions and the government. To appease a much degraded social climate at the workplace, and prevent the split that would make it impossible to reach any agreement, the MEDEF initiated, as soon as the pension conflict was over, bilateral discussions with the unions outside of State presence (Freyssinet, 2012). On January 10th, 2011, a « social agenda » was set up and produced a series of negotiations, some of which drove to a national cross-industry agreement (ANI), others slowly boging down: some negotiations were already programmed, whether « statutory » like supplementary pension schemes and unemployment insurance, or made mandatory in application of Community rules like that of the APEC (French agency for executives' employment) ; some others led to a string of agreements such as youth employment (4 agreements). However, those agreements carried out purposefully outside the government sphere did not agree with the latter. It took the upper hand and imposed the social partners, through parliamentary vote, to negotiate around four themes quoted in rather vague presidential speeches (sandwich course contracts, rules of

[23] The emergency status was announced by D. De Villepin as justification to force through the CPE (first employment contract) « as urgency procedure » in the National Assembly.

[24] During the July 2012 social conference, the President of the Republic announced that the « constitutionalisation » of the Larcher Act principles would also concern the draft laws by the Parliament.

[25] Same with the renegotiation of the unemployment agreement in 2009 which scope was weakened by two non negotiable decisions by the government: on one hand, the merging of UNEDIC (unemployment insurance fund) and ANPE (national public job centres) into one-stop desks for unemployed people, which in the process, destroyed the Support Scheme for return to employment (PARE) negotiated by the social partners in 2000 ; on the other hand, the September 2008 decision to establish the principle of « reasonable employment offer » which modified the conditions to benefits entitlement, an area which «normally» belonged to Joint negotiation.

affiliation to employers groups, securing careers, the sharing of added value), with four months to conclude. All together, 11 themes were on the 2011 agenda, plus 4 integrated later; in total, eight cross-industry agreements (ANI) were signed with different union configurations.

This hellish speedup didn't slow down with the 2012 political switch, quite the contrary. The will of the power in office after the spring vote, was communicated during the election campaign and further detailed during the social conference held in July 2012. A huge number of workshops was listed in the roadmap handed by the government to social partners, some of which were open as early as autumn 2012: inter-generations compacts and Future Contracts, quickly signed by unanimous agreements; But the January 11th 2013 ANI was another matter: « For a new economic and social model at the service of corporate competitiveness and employment and employees' careers securisation », which dealt with the items mentioned on the roadmap. Some unions signed it (CFDT, CFTC, CFE-CGC) others vigorously opposed it (CGT, Force Ouvrière). While the disputed agreement was faithfully turned into law, the government's concerns were already focused on the next social conference, planned on June 20th and 21st 2013. This second conference of Holland's five-year mandate was meant to take stock of the previous conference results, and pursue what the governmental communication describes as « an in-depth dialogue between the State and social partners (…) to determine an accurate and shared schedule ».

Thus, with clashes and backflows, it is really a new type of stabilisation process in the relations between public actions and centralised negotiation, which settled at the core social regulation. It would be tempting to label it « neo-corporatist » as it takes the forms of this ideal-type used in the 80s to describe some modes of socio-political regulation (Rehfeldt, 2009). But this theoretical model has two assumptive conditions: On the one hand, each actor's capacity to ensure a homogeneous representation; on the other hand, each actor's autonomy in this relational triangulation. On both matters, there is room for progress. Unions are divided, and such division hasn't been seen for a long time, the reform of representativeness rules having by no means helped reduce the divide; on the other hand union autonomy isn't effective throughout all its components: in terms of economic independence, it is non-existing for some organisations strongly dependent on public (or private) aid; in terms of cognitive independence, some union confederations display more proximity of thought with the management than with their fellow union « partners »[26].

Besides, as long as State hands are obviously never far from the negotiating table, such an apparel seems to be better defined as "crypto-corporatist", less conceptual than descriptive in contents and justified by the important role of State services in the centralised negotiation between social partners. Once acquired, agreements are transposed into laws, the prerogative of Parliament, at least in the French version, i.e. a prerogative granted by the government on a case-to-case basis, as was seen during the transposition of the January 11th 2013[27] ANI.

[26] See, for example, "An Approach of French Competitiveness», June 2011, common paper CFDT CFE-CGC CFTC MEDEF CGPME UPA, from the « Proceedings on industrial and economic policy» opened on December 23rd 2009 in the frame of the 2009 social agenda of the social partners.

[27] Just as the previous government which asserted the right to add such and such part of an ANI at the occasion of its discussion with Parliament. The contents of the January 11 2013 ANI came straight from the road map

One may be tempted to rejoice that such an evolution set workers' and employers' unions at the core of the State decision-making process. In a complex society, the combination of « intermediary bodies » to the production of public action seems efficient and social democracy-reinforcing. But one may also talk of an integration process within the State, hazardous for union confederations, already suspiciously viewed as distant by the rank-and-file.

2. Industry level negotiation

The historical core of collective bargaining in France, industry level negotiation has considerably changed in recent past years (Jobert, 2013).

2.2. A fragmented world

Employers' organisations have been historically reluctant facing collective bargaining. They resolved to industry-level negotiation after WWII, when the attitude of a large part of management during occupation commanded some discretion in the French post-war political environment. A kind of passive resistance crossed the 50s and 60s until 1968, and accelerated the workers' bargaining coverage. At that time, the speed-up was due to two factors: on one hand State action in the 1980s, the Ministry of Labour working hard to convene the social partners and « help » them set up their collective agreements; on the other hand, a sometimes competing engagement from employers' organisations, which used collective bargaining to organise their own market segments (Jobert, 2000).

From these two phenomena sprung a fragmented world to the extreme, where more than 700 collective agreements coexist, 61 % of which cover less than 5000 workers (Freyssinet, 2012) while the top 75 cover 11 million workers (Jobert, Bévort, 2011). Nearly 500 agreements are more than 20-year old and 39 % of them have had no revision in the past five years (according to the annual report on collective bargaining in 2011). Some micro agreements are used by management to divide workers, while the largest ones only provide minimum legal service, i.e. classifications every five years and lifelong learning through accredited collecting funds for training (OPCA, which drive and dedication in terms of vocational training are points of growing dissent). Wages are revised, in a large number of agreements, under the French National Minimum Wages (SMIC) increases; one third of the industry-level minimum wages (fluctuating at different times) is below the SMIC, which says a lot on the regulating role of the industry level bargaining. In truth, with some exceptions, salary policy does not belong, in France, to industry-level bargaining but to company-level bargaining on one side, and the SMIC policy on the other side.

2.3. A weak normative content

Of course such generalities must be toned down, and a finer examination of the different industries will show differences between « old » industries and new ones (HCR, Communication, Syntec, etc…). Despite the trend reducing their role as reference platforms, industries (especially the metal industry) keep leading the way with regards to trends, in salary negotiation for example. There are differences besides in the « secondary » functions of industry-level collective bargaining. Jobert and Bévort (2011) indeed distinguished four other functions related to industry-level: the first one is the abovementioned regulation of the basic norms of wage-ratio

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given to social partners at the occasion of the social conference in July 2012. The contents were in line with the intentions expressed in this paper, which, besides, faithfully met employers' demands claimed for many years.

(employment, salary, etc.). This part was shown to be declining. The second relates to the transformation of the economic activity, industry-level being the relevant standpoint to study, and eventually arrange it. This is true in some industries belonging to novel sectors (new technologies, autonomy of some activities separating from older industries, i.e. Syntec). The third one, is industry-level as a public action mediator, in two-directions: from the professional world to public authorities (but here they face strong competition from the direct pressure of large companies), or else, from public authorities action to professional spheres; this role remains powerful and would grow stronger if the public authorities restore the bond with sectoral policies; at last, the industry can be an area of shared expertise in employment (skills & occupations observatories, diverse committees). These different registries of industry practices demonstrate its possible contribution to some types of social exchange, even if its contents in terms of promoting social progress for workers are dwindling.

The support structure of all the French system of professional relations since the end of WWI, the industry has nevertheless lost a great part of its pivotal role: large companies manoeuvring employers' federations at industry-level saw to it that regulations were kept to a minimum to free the space for (*infra*)company negotiation, and industries lost their beacon character and began to produce minimum norms unlikely to ensure workers' protection, especially in SMEs where company bargaining is rather weak.

3. Company bargaining, the new flagship

Company bargaining penetrated the French system of professional relations in three steps. The last step made it grow into a central institution of collective bargaining.

3.1. A three-strike movement

The first one is the acknowledgement of local unions in 1968[28]. This founding step has settled union rights at the borders of businesses, by creating the central feature of the union representative. Until 1982, this acknowledgement allowed trade unions to establish in companies but had no real impact on the negotiating function, strictly speaking[29].

The Auroux Act of November 13th, 1982 on collective bargaining provided the annual mandatory negotiation in companies or NAO. This obligation relates to salaries and the time and organisation of labour[30]. In parallel, it introduces possible waivers to the higher level norms in some areas (company-level over industry-level, industry-level over laws) except if the trade unions representing a majority of workers opposed the agreement.

This derogatory possibility was successively extended and gradually, the meaning of company-level bargaining transformed in the 90s and especially the years 2000. On one hand, the number of topics on the agenda of the mandatory annual bargaining grew: working time arrangement, 35-hour-working week in 1999 to 2001, gender equality at work, employees' saving schemes, and employment for workers with a

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[28] First agreed in Grenelle, the agreement was enacted in December 1968.

[29] Except for Health and safety at work, an area which was reinforced by the Auroux Act, with the creation of CHS-CT (HSE committees)

[30] It also introduced the obligation of annual industry bargaining on salaries, and every five years on classifications.

disability or seniors. More, every three years, for companies with more than 300 employees, negotiations are mandatory on GPEC (provisional job and skill management), modalities of information and consultation of the works council on the corporate strategy since 2012, inter generation compacts, etc[31].

On the other hand, in successive steps, the direct role of company-level bargaining in the production of norms increased. The May 4th 2004 Act relating to « lifelong vocational learning and social dialogue », so-called Fillon Act, is a major change as it provided that, outside of four sanctuarised areas in industry level or laws, (minimum wages, vocational training, supplementary social protection, classifications), a company-level agreement could waive higher bargaining levels, even towards less favourable dispositions for workers. This was a major evolution in labour laws which so far had acknowledged the favourability principle, i.e. that waivers to company agreements could only be improvements versus dispositions from industry-level or laws. In the same time, three dispositions allowed to frame, actually to limit, recourse to such waivers: on one hand, the laws granted the majority organisations more opposition possibilities; on the other hand, industry-level negotiators could « lock-up» other topics and exclude them from company-level waiver possibilities; last, waivers could be afterwards cancelled by an industry-level joint committee. In 2008 and 2013, new texts inaugurated this new age for company agreements enabling them to (potentially, at least) act in lieu of public rules in terms of labour rights.

3.2. Corporate competitiveness and consecration of corporatism

Since the August 20th 2008 Act, company level negotiation gained further grip on professional relations. First, bargaining possibilities were extended by law in companies without union representatives[32]. More, it went further in the direction of the 2004 act which still provided a framework to derogatory practices. It reinforced decentralisation even if its scope was actually limited to working time issues: abrogating some legal or regulatory dispositions, the 2008 Act allowed, provided majority agreements were reached, the companies to establish their own rules in terms of working time. This time the change was more radical, as company bargaining could produce decentralised social norms, closely suiting the businesses' contingencies. In the absence of agreement, industry-level still ruled, but having become minimalist, it was a mere supplement, and companies were at the heart of regulation. This is a very deep shift in labour rights which breaks with century-old efforts striving as much as possible to move away the rule-production from the workplace where confrontation is most direct between employers and employees. Of course the joint production of rules have always existed in companies' social relations (Reynaud, 1989), but these nevertheless belonged to a bottom-up regulatory fabric where a certain number of areas in working relations were sanctuarised and kept aloof from the workplace where among the working contract parties, the management is most unequally favoured.

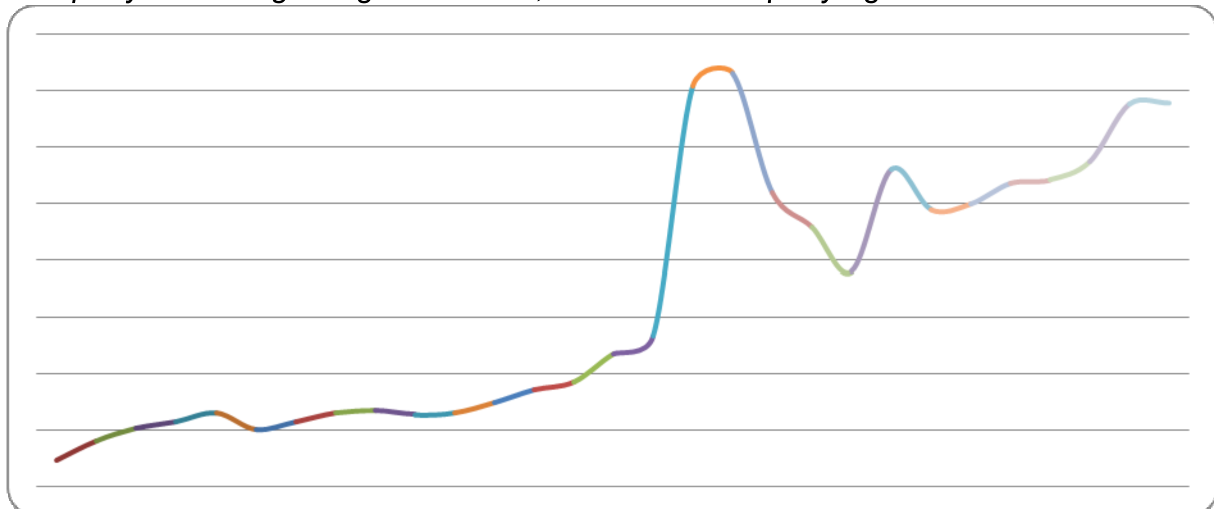
This evolution found further application focus with the January 11th 2013 ANI and its transcribing Act, in which companies' prescriptive autonomy is increased. The legal

[31]On the evolution of the contents of company-level collective negotiation in the recent years (Naboulet, 2011).

[32]These agreements are framed in texts from the Joint Industry-level committee which employers must consult whenever they consider such negotiation. It is more convenient for employers to have an in-house union, rather than external players from higher levels, as a matter of fact not very present but always a factor of uncertainty. So, gradually, employers found their interest to have unions in their company, (probably not just any union), which was new in the French social relations.

obligations – and individual work contract itself – were now supplements to company agreements which, provided they sprung from a majority, allowed a wide range of adaptations in terms of salary, working time and labour organisation, as well as managing in-house mobility (Lyon-Caen, 2013). The possible framing by the arbitration judge as provided by the agreements and by laws, is receding and further demonstrates the will to set the majority agreements free from too restrictive outside observations. This is a deeply transforming system of social relations, granting majority agreements and the businesses, a major privilege versus other sources of labour rights.

Company level bargaining 1982-2011; number of company agreements



Source DGT (Ministry of Labour)

Since 2008-2009, company bargaining seemed to experience a new incremental growth. Earlier in this study, the low impact of the 2008 crisis on cross-industry or industry levels of negotiation was demonstrated; on the contrary, company level negotiation has experienced a reactivation of crisis agreements, with or without conflicts. Even though France did not massively resort to partial unemployment like in Germany (Charpail, 2012), 23 000 businesses resorted to this type of practice in 2009. Large automotive companies in particular, negotiated voluntary redundancy agreements (PSA in 2009) or several partial unemployment agreements (Renault in March 2009). The broader possibility to negotiate without union representatives provisioned by the 2008 Act and the crisis agreements in this especially difficult period for the French industry, are the two signs of this new increase in company level bargaining since 2009.

4. An ambiguous French-style social democracy

In a study commissioned by the DARES, one year after the 2004 Act promulgation, Jobert and Saglio (2005) showed that the derogatory possibilities had hardly been used by businesses. Now, to say that all of this is but an ideological smokescreen reflecting an idealised vision of free businesses in a deregulated environment is to cross a thin line which we by no means will cross. This is rather the sign of the

State's continuous action allowing companies to build themselves private labour rights to optimise their competitiveness.

Decentralised collective bargaining into the workplace did more than just « pull down » the rule-generating mechanism: it also shifted the power of influence of unions and staff representing institutions (IRP) onto the employers' hands. At that level, competitive contingencies and competitiveness conditions are first dictated by the management, pushing the unions and elected representatives into an even more subordinate position, should no other public rule come and remind the rule of the game. There is not only a shift of the negotiating environment but also the very conditions of bargaining have changed: elected members and trade unions are called to bargain in the name of employment safeguard, and their leeway for discussion are defined by the sole management, i.e. the contents of social agreements are further moulded to the businesses' (and groups') HR policy..

In a study commissioned by the DARES on the HR policy of French corporate Groups in Central and Eastern Europe, a team of researchers experienced in 2008 what Guy Groux named « managerial social dialogue », i.e. a tailor-made negotiation integrating collective bargaining in the set of tools chaining the workers to the business logics (Groux, 2010). There are fears that reinforced rationales of local exchanges in the name of job preservation will bring a similar outcome. Such cases are very common in a context where the daily rate of destroyed employment is extremely high.

Beyond this shifted centre of social exchange, one cannot fail to observe that the development of collective bargaining (an undisputable common good) took place with a certain complexity which blurs the picture. The issue of coordination of the levels and spaces is a difficult one for unions, themselves splintered into multiple structures which principles of action are not always clearly defined. This complexity occurred along with (and intensified) the tearing-up of unionism between national differences (especially between the top two CGT and CFDT union confederations) but also by a growing internal invisibility of what happens within the workplace, for the outside eyes of union entities (federation, district unions (UD), confederation).

Conclusion

It seems that unionism was siphoned off by both ends: on top by the State which far from renouncing its mastering power, screens it more and more behind a dense, even hectic cross-industry social dialogue; at the bottom with business strategies mobilising the social « partners » in the great competitiveness effort which became – not without reason – a national cause. The part of unions which the new representativeness system recognised as majority (CFDT, CFE-CGC, CFTC) seems to go along the flow, using a strategic agreement with the management based on the recitals of competitiveness and growth; another part of unionism (CGT, Force Ouvrière) rejects it but doesn't seem, today, to have the means of leverage on this course of action.

Formally speaking, France has many social democracy traits. Many forums allow the exchanges of points of view between the different actors of social relations: territories, groups, sectors, subcontracting relationships were added to the three traditional social exchange levels. With this regard, 2010 is by no means breaking with this form of exchange. Quite the contrary, there was an unprecedented amplification of centralised discussions. This profuse lot often conceals relations of

power which have been for thirty years or more, slipping into employers' hands, as well as State action that keeps pushing this decentralisation, many aspects of which it actually controls.

Now is the knee point where the strong association of social actors (at least part of them) to the public policy management, may turn into a hazardous corporatisation of social matters; moulded in the constitution of the republic, it could change into a renovated form of corporatism, formally based on democratic processes (election, dialogue, association to decisions) but in reality possibly noxious to a much needed expression in a democratic society: that of a countervailing power.

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Appendix

Social actors in France

Workers' unions

The workers' union movement has 7 national union centres according to a cross-industry organisation, and one large organisation only in public sectors and services.

Among the 7 confederations, five have been acknowledged to be representative, according to August 20th 2008 Act which revised the acknowledgment criteria previously existing since 1950.

Representative organisations:

- The CGT (Confédération Générale du travail) is the oldest and first national union, at least electorally speaking. Sprung from the secular tradition of blue collar workers' movement, it dominated French unionism for a long time but lost a lot of strength in the 1980s. Though it lost around two thirds of its members from 1978 to 1992, the CGT kept a large number of professional federations and a rich network of local union branches. Its relative predominance in the public sector tends to acquire balance into the private sector, which remains a land of conquest. Historically influential among blue collar workers, it is present among employees today but strives to reach the intermediary categories and the management.
- The CFDT (Confédération Française Démocratique du travail) is very close to its competing union in terms of members (a little above) and in terms of electoral influence (a little below). But it has a notably strongly diverging outlook on the world, and union strategy. Its loss of strength* during the 80s was less acute than the CGT's, however they lost more members in the public and civil services than in the private sector where they are ahead of the CGT in terms of implantation. The CFDT focuses on collective bargaining and the signing of agreements, whether company- or industry-level. An embodiment of the « years 68 », the CFDT resolved to a « hyper-reformist » profile, pro-European by principle, which differentiates it even on the European Union stage.
- The CGT-Force Ouvrière (Confédération Générale du travail – Force ouvrière) is the third organisation in importance (electoral and members). It sprung from a split-up within the CGT in 1947. For a long time impregnated, even dominated by civil servants in its ranks, it settled with some stability in the private sector where which, over time, new representativeness system threatens it. It is very opposed to the two other unions, but on different matters.
- The CFTC (Confédération française des travailleurs chrétiens, a Christian workers' union) is the smallest representative confederation, its existence was even threatened after the reform on representativeness but it successfully went through elections even if it tends to lose implantations. It sprung from a scission in the CFDT in 1965, gathering small numbers of minority votes against the evolution of Christian unionism to a more secular form chosen by the majority. It is attached to traditional values in quite a conservative way.

- The CFE-CGC (Confédération française de l'encadrement – Confederation générale des cadres) is a sectoral organisation gathering executive managers and supervisors, mainly from the private sector. After having almost disappeared in the early 90s, it recovered some significance as a management union but is only a top three organisation. In spite of this it was allowed to remain representative, in acknowledgement of a « managerial » specificity and takes part to industry-level negotiations with the same status as the other generalist unions.

« Non representative » bodies

- The UNSA (Union nationale des syndicats autonomes, or independent organisation national union) was born in 1993 from the merging of various independent federations from the civil and public services. It grows in some parts of the private sector, but is far from the conditions required to be acknowledged representative. After seeking to merge with the CFE-CGC, it is tempted to join the CFDT today. This is unlikely as many conflicts remain in some sectors between the two unions.
- Solidaires is the most recent French organisation. As the UNSA, it refuses the « confederation » status and calls itself a « union » granting to its affiliates a large autonomy. Marked by union revolutionary or libertarian tradition, Solidaires establishes itself as criticiser of the existing confederations. If it experienced a significant rise in the past decade, this union has the same renewal problems as the other entities.
- The FSU (Federation syndicale unitaire) is first a teachers' federation sprung from the splitting of the former national education federation in 1992. Part of the latter went to the UNSA while the FSU gathering of teachers made it a significant union force today in the whole central government services, a little in local authorities' services, and in some other sectors of civil services. It entertains privileged relationships with the CGT but no project of organic reunion is planned.

Employers' organisations

Here the distinction is not dealt with in terms representativeness but in terms of coverage scope.

- The MEDEF (Mouvement des entreprises de France) is the canopy organisation, intending and pretending to represent all entrepreneurs of all size and all professions. Others contest this pretence, considering the MEDEF the expression of the interest of large companies which, through some powerful federations (UIMM, Union of metal industry metal works) or the FFB (French Builders federation) do exert some control on the organisation; but despite this contest, the MEDEF ensures the central logistics of the management, including in social negotiations.
- The CGPME (SMEs Confederation) often contests the leverage from very large companies. It aims at organising the small companies besides and sometimes against the MEDEF. In the same time it is quite dependent and does not stand out during the negotiations with workers' trade unions. Itis in a major dispute with the MEDEF about the measure on the representativeness of employers' organisations, in which the CGPME wishes the business managing directors to be elected.

- The UPA (Craftsmen professional union) is a unique entity, sometimes very opposed to the two abovementioned, and at times has an inclination to agree with workers' trade unions in some areas, probably because small employers feel close and hardly different from their employees. Retail and building industry craftsmen are the most widely represented in the union.

Other organisations of employers contest the kind of representational monopoly granted to these three bodies. Such does the UNAPL (National freelancers Union) which gathers trade unions from health care practitioners or lawyers, or the USGERES (Union of trade unions and groupings of employers representing social economy) which became the UDESS in June 2013 (Union of employers of social and solidarity economy) gathering employers with an NGO status: membership based organisations (*mutuals*) cooperatives, associations for inclusion, home support, etc.). With a growing number of employees, this sector wants to join the social negotiating table. For now it butts on the intransigence of the three official organisations which deem it an « outsider».
The representativeness acknowledgement of employers' organisations is part of the social debate agenda in France for 2013.

GREECE

Policies to exit the crisis in Greece: from inefficiency to violence

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> *Father Ubu*:
>
> *—That's possible, but I've changed the government and run an advertisement in the paper that says you have to pay all the present taxes twice and those which I will levy on later three times. With this system, I'll make my fortune quickly: then I'll kill everyone and run away.*
>
> Peasants:
>
> *—Mister Ubu, please have pity on us. We are poor, simple citizens.*
>
> Father Ubu:
>
> *—Nuts! Pay up.*
>
> (Alfred Jarry, *Ubu Roi*, Éditions du Mercure de France, Paris, 1896, Acte III, scène 4, p. 84-85).

Greece's debt turned out to be too high for the country's pay back capacity. Alarming figures, published in early 2010[33], forced the Hellenic government to turn to international lenders. A consortium made of the European Commission, the European Central Bank and the International Monetary Fund intervened; it brought funds, and its intervention came with specified requirements listed in a *Memorandum* of requirements. This first injection of funds wasn't enough to make the debt sustainable, so more came, one after the other, each the subject of a new Moratorium, the third one in Greece. The conditions demanded in exchange of funding, aimed at stabilising the economy, with expenditures cuts and increase of public receipts. Drastic measures were set up[34] causing a severe contraction of the economic activity. Midway across the water ford, Greece seems the victim of a hellish swirl, forced to ask aids to face its commitments, while the population suffers from austerity without believing in the efficacy of the consented sacrifice.

1. Crisis and punishment

1.1. Stacked up deficits and reaction from financial markets

Greece, as many countries, has a long tradition of public deficit; 8 % of the GDP by the end of the 1980s, it was tremendously reduced afterwards in order to join the EMU. Yet, since the years 2000, it shot up again very quickly, so much that before the end of the decade it was seven times its baseline, whereas its percentage in GDP had quadrupled. (Table 1a). What caused this singular progression, much beyond the thresholds imposed by the Pact for stability and growth, was a sustained increase in public expenditure, which doubled in less than ten years (notably the military expenditures reaching in Greece a much higher level than in the other

[33] European Commission, *Rapport sur les statistiques du deficit et de la dette publique de la Grèce*, COM(2010) 1 final, 8 January 2010.
[34] Karamessini (2010)and Prokovas (2011).

European countries[35]). The Greek authorities, aware of this drift tried to conceal the real level of public deficit but not for long.[36]. The Commission has started an infringement procedure for the excessive deficit in 2010, but in the meantime, the country's finance was held in the hands of its lenders.

From 2009, the level of public deficit became worrying, with the issue of the debt sustainability. The latter, nearly 100 % of the GDP since the 1990s, (Table 1b) caused the issuing of new public bonds which value kept progressing at the same pace as the debt: 115 985 million Euros in 2000, it reached 299 685 million Euros in 2009 (Table 1b). Chastened by the attempt to falsify the statistics of public deficit, suddenly remembering that Goldman Sachs had also contributed to the accounting subtraction of part of the Greek debt[37], the financial markets challenged the Greek securities, inducing vertiginous risk premium (*spreads*), up to 2 500 points (25 %) beyond the interest rate. The Greek State choked to death.

Table 1a. Evolution of public expenditures and deficit (millions Euros), 2000-2009

	Expenditures	Evolution (%)	Deficit	Evolution (%)	% du GDP
2000	63 694	*13,5*	-5 031	*29,9*	3,7
2001	66 432	*4,3*	-6 542	*30,0*	4,5
2002	70 614	*6,3*	-7 465	*14,1*	4,8
2003	77 143	*9,2*	-9 738	*30,4*	5,6
2004	84 333	*9,3*	-13 940	*43,2*	7,5
2005	86 097	*2,1*	-10 068	*-27,8*	5,2
2006	94 407	*9,7*	-12 109	*20,3*	5,8
2007	105 998	*12,3*	-14 475	*19,5*	6,5
2008	117 993	*11,3*	-22 880	*58,1*	9,8
2009	124 671	*5,7*	-36 127	*57,9*	15,6

Source: http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/data.

35 Cf. Slijper F., *Military Expenditure and the Economic Crisis in Europe*, Transnational Institute, 2013. Even during the crisis, arms orders did not decrease, the military expenditures reduction mainly occurs through staff cuts.

36 In the stability programme handed to the Commission in January 2009, the Greek government projected a deficit by 3,7 % of the GDP for that year; in September 2009, the new government reassessed this figure to 12,5 % and Eurostat projected 3,6 %, all projections actually below its real value (15,6 % of the GDP).

37 Especially with cross currency *swaps*, to cover the exchange risks of armament purchase contracts: the cover had an off-market rate, the real value of these contracts seemed lower.

Table 1b. Evolution of the public deficit and debt, 2009-2012

	2009	2010	2011	2012
public deficit (million Euros)	-36 127	-23 719	-19 834	-19 360
% du GDP	15,6	10,7	9,5	10,0
Public debt (million Euros)	299 685	329 515	355 172	303 918
% du GDP	129,7	148,3	170,3	156,9

Source : http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/data..

1.2. The imposed constraints in exchange for funds...

In May 2010, the Greek government appealed to the European Union and IMF to obtain an emergency fund. A consortium was set up made of the European Commission, the European Central Bank and the International Monetary Fund. Representatives from all three entities went to Athens to implement the funding modalities. The « troika » conditioned its funding to the signature of a Moratorium constraining the government to adopt a set of emergency measures to « redress » the country's public finances, by expenditure cuts and the increase of receipts. Besides, the Greek economy would be boosted by a better price-competitiveness of its products, i.e. by making labour cheaper and more flexible.

Spectacular as they were, the results were incomplete. The cuts in expenditures were drastic: -15 % in three years. The efforts mainly burdened three sectors: civil servants' salaries, intermediary goods and, to a lesser extent, social protection costs (mainly, a decrease of pensions, not so malleable by nature). Also, the fixed investments collapsed, *a priori* hardly compatible with the announced privatisation projects (Table 2).

Public receipts had a slightly different fate. Due to the recession, they even slightly dropped (-2 %), with no impact on their structure: indirect tax still accounts for one third of receipts, direct tax a little over one fifth. Capital taxes, though insignificant, have been divided by three. New contributions (tax on property) allowed maintaining a stable volume of direct taxes, despite the decrease of primary income. Public receipts eventually increased, with a very ambitious privatisation plan, including the public real estate, companies and organisations.

Table 2. Public expenditures and receipts, 2009-2012

	2009	2010	2011	2012
Public expenditures	**124 671**	**114 289**	**108 346**	**106 084**
(% du GDP)	54,0	51,4	52,0	54,8
Incl. Intermediary goods (%)	*13,7*	*11,8*	*9,0*	*8,9*
Civil servants' wages (%)	*24,9*	*24,3*	*23,9*	*22,8*
Social protection expenditures (%)	*39,3*	*41,5*	*43,8*	*41,8*
FBCF (%)	*5,8*	*4,4*	*3,3*	*3,3*
Public receipts	**88 602**	**90 232**	**88 383**	**86 662**
(% du GDP)	38,3	40,6	42,4	44,7
Incl. Indirect tax (%)	*29,5*	*30,3*	*30,1*	*28,1*
Direct tax (%)	*21,6*	*19,4*	*20,4*	*22,7*
Capital tax (%)	*0,6*	*0,3*	*0,3*	*0,2*
Social contributions (%)	*33,2*	*33,0*	*31,0*	*30,6*

Source : http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/data

The redress of public finances was then implemented with efforts as considerable as they were unpopular (particularly the reduction of pensions). Cuts in public expenditures are by nature difficult to obtain, even the more so when, as in Greece, it is performed in a state of emergency. The reduction of the number of State agents (one out of five civil servants was replaced) did nothing to increase the public sector productivity, while the decrease of the agents' wages inevitably impacted the consumption demand. What is more, in a pure economic logic of supply-side, salary restrictions have reached the private sector.

From 2010 to 2011, the net basic salary has decreased by -5,2 %. After the abolition of the 13th and 14th months wages, which reduced the average salary in several economic sectors[38] and the decrease of redundancy compensation benefits, the 4046/2012 Act imposed, within the frame of the 2nd Moratorium, a major decrease of the basic salary which went from 751, 39 Euros to 586, 08 Euros (gross) for the people aged 25 and more (-22 %) and to 510, 95 Euros gross for youth aged less

[38] Cf. A. Kapsalis, « Greece: Evolution of Wages during the Crisis », http://www.eurofound.europa.eu/ewco/studies/tn1203019q.htm, 10 July 2012.

than 25 (-32 %)[39]. One year later, in the frame of the 3rd Moratorium, the Ministers of Economy and Labour brought the *minima* wages of unemployed persons who are back to employment, down to 490 Euros (for people aged 25 and more) and down to 427 Euros (for people aged less than 25)[40]. Greece became the only country in the Union to decrease not only real *minimum* wages, but also nominal *minimum* wages[41]. This pay cut diffuses to all the salary hierarchy, affects the unemployment benefits, sickness benefits and maternity allowances, pension levels, and reduces the income of social protection funds. The baseline salary has no more protective function thanks to income distribution; it becomes an instrument of pressure to cut the cost of labour in the private sector[42].

The Greek labour market was deemed « rigid », so its flexibilisation was undertaken: easier redundancy procedures (no justification for individual lay-off [43], shorter redundancy notice, reduced severance pay), possibility for employers to unilaterally turn a full time contract into a part time contract, extended probatory period, extension of working hours, increase of weekly working hours, suppression of higher pay rates for overtime for part-time workers, possibility to prolong fixed terms contacts up to three years, working on Sundays, elimination of so-called « closed » sectors, company or individual agreements instead of collective agreements … the State itself set the standard by taking totalitarian action on June 11th 2013: with no consultation whatsoever, no debate nor notice, the public radio and television broadcast was suppressed by decree, the transmitters switched off by theriot police, and 2 656 employees were laid off in a couple of hours; all of that because the government committed to lay off 2 000 civil servants before the end of the first semester[44].

However, the assumption of a rigid Greek labour market deserves to be toned down. Already, before the crisis and the shock measures imposed by the troika and the Greek government, protection against redundancy in Greece was lower than the European Union average. From 2000 to 2008, the OECD « employment protection indicator », displayed an average 2,30 for Greece, versus 4,24 for Portugal, 2,86 for Germany, 2,46 for France and 2,37 for the EU[45]. It seems that those flexibility measures were owed to ideological concerns rather than a needed additional flexibility.

1.3. … have disputable and disputed results

From a purely economic point of view, the outcome of this policy was, at least on the short term, a degradation of the foundations of Greek economy. The recession settled, unemployment soared, labour productivity regressed, and the workers' purchase power was in free fall.

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[39] To be noted : Greek employers rejected the union demand of a 751 Euros base salary, on the ground that « the true fear of employees isn't so much the *minimum wages rate,* but rather the fear relating to the businesses capacity to actually pay salaries » (*Eleftherotypia*, 26 April 2013).

[40] A. Petropoulos, « Le renversement du siècle dans les relations professionnelles », *I Avghi*, 12 May 2013.

[41] INE (2012), p. 229.

[42] *Idem*, p. 230.

[43] Redundancy is qualified as collective if more than 20 employees of a company are concerned. However, in Greece, only 0, 5 % of businesses have 20 workers or more, so redundancy is unbound for 99,5 % of businesses (Kouzis, 2012).

[44] The State Council has since annulled this decision.

[45] Laskos et *alii* (2012), p.167.

The growth of Greek economy in the early 21st century wasn't very rich in terms of employment: in spite of high growth rates, the unemployment rate has always remained a cause for worry. The speeding growth hardly impacted employment; this, from 2005 to 2006, even though the growth rate more than doubled, the unemployment rate only lost 1 point. On the contrary, come the crisis, the environment quickly changed: the depression fed unemployment and the recession made it flare, destroying the productive structure (Table 3).

Table 3. Crossed evolutions of GDP (in million Euros) and unemployment rates, 2000-2013

Year	GDP	Growth rate	Unemployment rate
2000	158 377		11,2
2001	165 023	4,2	10,7
2002	170 700	3,4	10,3
2003	180 847	5,9	9,8
2004	188 746	4,4	10,5
2005	193 050	2,3	9,9
2006	203 688	5,5	8,9
2007	210 891	3,5	8,3
2008	210 440	-0,2	7,7
2009	203 841	-3,1	9,5
2010	193 765	-4,9	12,6
2011	179 998	-7,1	17,7
2012	168 515*	-6,4*	24,7*
2013	161 103**	-4,4**	27,0**

* preliminary ** forecasts

Source : Eurostat, in M. Drettakis, « PIB et chômage évoluent en sens inverse », I Avghi, 28 April 2013.

The workers' income (including freelancers) decreased by 33 billion Euros from 2008 to 2012 (-25 %). In the same time, the gross margin of businesses was maintained (-

1 billion Euros), so the share of added value for the capital increased (in four years, from 25 % to 31 %)[46]. The wages regress of -2, 6 % from 2010 to 2011 caused the drop of purchasing power, by the end of 2011 down to equal the 1984 rate. After the supplementary February 2012 cuts, the purchasing power for baseline salaries index is currently 77,9 versus 100 in 1984[47]. The purchasing power for average wages has lost 20 % of its value from 2010 to 2012. As for the all the workers' purchasing power, almost one third of its value was lost (Table 4). At constant prices, domestic demand (baseline year 2000) dropped by -24 % from 2008 to 2012.

Table 4. Reduction of the salaries purchasing power (annual changes)

	Nominal wages	Consumer price index	Nominal wages purchasing power	Number of workers	Purchasing power for all workers
2010	-2,6 %	+4,7 %	-7,0 %	-2,7 %	-9,5 %
2011	-3,4 %	+3,1 %	-6,3 %	-5,8 %	-11,7 %
2012	-6,8 %	+1,1 %	-7,8 %	-6,8 %	-14,1 %
2010-2012	-12,3 %	+9,1 %	-19,6 %	-14,6 %	-31,4 %

Sources: European Commission, Ameco database (calculations I. Ioakimoglou), http://www. ioakimoglou.net).

The decrease in demand caused a lesser utilisation of the productive structure, in turn slowing down the investment. As labour productivity grows along with the utilisation rate of capital resources and investment rates, consequently, the contraction of the economic activity induced a mechanical decrease of labour productivity (-5,6 % since 2008, today its level is equal to that of 2003)[48]. In this context, to really cut labour costs, the reduction of nominal wages must be higher than the loss of labour productivity; this is exactly what the policies implemented in Greece for three years have been aiming at.

These policies inexorably depleted the living standards; was that the best solution envisaged for the Greek economy? Not the citizens' opinions in any case, who kept protesting since the troika imposed its choices to the government[49], and some economists – not necessarily from antiliberal spheres– share this opinion, such as a *Financial Times* columnist who demands a change of policy: « More austerity when economic growth is strong, less when it slows down[50] ».

Within the troika itself, the European Commission admits the lack of results, blaming it on the Greek government for its too slow application of the decisions. The fact is, quite quickly, the troika's forecasts were wrong, too optimistic, and the plan had to be

[46]INE (2012), p. 79.
[47]*Idem*, p. 227.
[48]*Idem*, p. 91.
[49] The last poll to date shows that 76 % of Greeks are convinced that the country is heading « the wrong way » (*I Efimerida ton syntakton*, 27-28 April 2013).
[50]M. Wolf, « Le triste bilan de l'austerité budgétaire », *Le Monde*, 4 March 2013. See also Lamé et *alii* (2013) for an econometric analysis of the rationality criteria used by investors who lend to the States.

changed (three times in ten months), correcting, adjusting the indicators to statistic reality: early 2010, the public debt planned by the Commission was much lower than it really was[51]. So, more projections were designed. Even more pessimistic than the previous ones, they were hoping to better tackle reality (Table 5). We are far from the *fine tuned* public policies...

Table 5. Macroeconomic indicators; projections of the Commission in November 2012 and February 2013 (in changes of in % of GDP)

Year	2012		2013		2014	
Date of projections	11/2012	02/2013	11/2012	02/2013	11/2012	02/2013
GDP	*-6,0*	-6,4	*-4,2*	-4,4	*0,6*	0,6
Inflation (%)	*1,1*	1,0	*-0,8*	-0,8	*-0,4*	-0,4
Public deficit (%)	*-6,8*	-6,6	*-5,5*	-4,6	*-4,6*	-3,5
Public debt (%)	*176,7*	161,6	*188,4*	175,6	*188,9*	175,2
Unemployment (%)	*23,6*	24,7	*24,0*	27,0	*22,2*	25,7
Employment	*-7,9*	-8,6	*-2,1*	-3,5	*1,4*	0,5
Cuurent expenditures (%)	*-8,3*	-7,7	*-6,3*	-4,3	*-5,2*	-3,3
GFCF	*-14,0*	-21,4	*-3,0*	-9,0	*6,0*	6,6
Exports	*0,8*	-2,0	*2,7*	2,7	*4,8*	4,7
Imports	*-10,0*	-14,4	*-6,0*	-5,9	*-0,5*	-0,8
Private consumption	*-7,7*	-8,0	*-6,9*	-7,7	*-1,6*	-1,3
Public consumption	*-6,2*	-6,7	*-7,2*	-3,5	*-3,1*	-3,8
Unit labour cost	*-8,6*	-7,5	*-3,6*	-4,9	*-0,1*	-1,8

Sources: K. Moschonas, «they are wrong and persist », I Efimerida ton syntakton, 24 February 2013.

As for the IMF, usually quite silent and hardly versed in self criticism, it ended up blaming, on June 5th 2013, in a report (initially « strictly confidential » but duly leaked to the press via the *Wall Street Journal*), the efficacy of the measures imposed to

[51] The debt forecast was from 133,3 % of Greek GDP for 2010, to 145,1 % for 2011 and 148,6 % for 2012 (149,3 % for 2013 and 144,3 % for 2014)51; In fact, the debt really climbed to 148,3 % of GDP in 2010, to 170,3 % in 2011, 156,9 % in 2012 (Table 1b)

Greece in exchange for its financial aid[52]. According to this report, the return to growth initially planned for 2012, will be delayed, and unemployment increased twice faster than projected. The fault was a calculation error in the budgetary leverage effect, somehow minimising the impact of public expenditures cuts on GDP. As it happened, this contrition came after the validity of the relationships with a high level of public debt and economic growth was questioned, following the research of an American student who successfully demonstrated that the econometric model used for calculations was incomplete and biased the results[53]. Though the IMF cleared its name by blaming the Commission for its apparent lack of experience in the management of economic crises, this only raises more vivid questions with regards to the coherence, even the legitimacy of the lenders' consortium dictates (troika). In the end, it seems that the impact of austerity on growth wasn't taken seriously enough, much to the discontent of the locals who suffer the results of policies dictated right from the top and so zealously implemented.

2. Shortfall of justice and social democracies

2.1. Economic Justice

The violence of the arbitrary demand to suppress 15 000 public sector jobs in three years, including 4 000 in 2013, and 2 000 at the first semester, is dumbfounding. The labour wages cuts, whether employees salaries (at all levels), and civil servants' salaries which were reduced by more than 40 %) or retired workers' pensions, came with increased direct and indirect taxation (VAT increase, set up of various property taxes, lower non-taxable income levels...), and increased households' inelastic expenditures (domestic fuel, electricity, natural gas…). In parallel, the public expenditures cuts caused the suppression of social welfare aid and services. The heaviest toll was for the working poor, who represented 14 % of whole working population in Greece before the crisis, i.e. twice more than in the rest of the European Union[54]. More, salary reductions burden the receipts of health and old-age insurances, increasing the risk of pauperisation and threatening social cohesion. The value of these insurance funds have besides been very much downgraded because of the devaluation of the Greek debt equities (*cut off*), which they had massively purchased[55].

Part-time work, directly linked to the issue of salaries, kept growing (+4,2 % from 2011 to 2012, whereas full time employment receded by -9,6 %). Women are much more concerned than men (11, 4 % versus 4, 6 %), and youth more than adults (35, 8 % aged from 15 to 19 versus 6, 4 % aged from 30 to 44)[56].

There are collateral damages to the measures aiming at making the labour market even more flexible: the extended working hours knocked off balance the workers'

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[52] M. De Vergès, « Sauvetage de la Grèce : le *mea culpa* du Fonds monétaire international », *Le Monde*, 7 June 2013.

[53]Thomas Herndon, from the Massachussetts University, challenged the assumptions of Harvard professsors K. Rogoff and C. Reinhart, based on a lengthy analysis (200 years) of macroeconomic data from 44 countries, according to which if debt exceeds 90 % of GDP, the country's growth slows down. These assumptions have justified austerity, preached in all the Europeans States and brutally implemented in Greece, Spain, Ireland, Portugal and Cyprus.

[54] INE (2012), p. 231.

[55] The nominal value of these portfolio marketable securities thus lost -56 %, from 20,1 to 11,2 billion Euros (INE, 2012, p. 287).

[56]Kritikidis (2012).

family and social life; their fatigue is a factor for more frequent occupational accidents (already higher frequency in Greece than in the rest of the Union) and behaviours of disobedience to social obligations are increasing. For example, cash-in-hand labour is said to have climbed from 23 % to 34 % over the past years[57].

Other source of injustice: the incredible progression of unemployment which strikes discretionarily the different strata of the population. The crisis swells the ranks of unemployed people: in 2012, 70 % of the persons who left a job became unemployed (43 % in 2008 – Table 6). The number of long term unemployed people also increased; more than 40 % of unemployed people have been so for more than a year. The unemployment risk was never very well covered in Greece: the benefits amount to 60 % of the base wages rate (they are not calculated from the last wages received), they are paid for a maximum of 12 months; only 20 % of unemployed people receive benefits. Income replacement rates in case of unemployment (14 %) are the lowest in the E.U. (34 % on average)[58]. The 2nd Moratorium provided that unemployed people would only benefit 400 daily cash benefits per four-year period[59].

Table 6. The becoming of people out of employment, 2008-2012

	Towards unemployment	Towards inactivity	Total
2008	61 360	80 950	142 310
2009	112 122	73 146	185 268
2010	148 530	79 947	228 477
2011	184 188	100 573	284 761
2012	224 691	97 939	322 630

Source: Y. Kritikidis, «Employment and unemployment at the 2nd semester 2012 », Enimerosi, n° 198, October 2012.

The taxation policy also is conspicuous by its inequitable trait: property taxes do not take the households revenue into account; the VAT increase taxes the lower incomes. Tax income increases scenarii through the collection of unpaid receivables are paper fantasies. Tax evasion is singled out, but in a very special manner: the orthodox church keeps its exemptions, the richest taxpayers whose assets have sailed to tax havens are still granted anonymity and impunity, ship owners' contributions to the public receipts are lower than the fiscal stamps paid by immigrants to be regularised[60]… More, a complete tax exemption is envisaged for investments likely to pull up growth (*fast track investments*), provided the Directorate General for Competition doesn't forbid it[61].

[57]Unspecified Source.Quoted by Kouzis (2012a).
[58]Laskos and *alii*, *op. cit.*, p. 168.
[59]Kouzis, *op. cit.*
[60] V. De Filippis and Ch. Losson, « beaucoup de sacrifices en vain », *Libération*, 13 June 2013.
[61] M. Christodoulou, « Amnistie fiscale aux capitaux investis », *I Efimerida ton syntakton*, 22 February 2013.

One last mention on the privatisation of large public companies (industries, armament, real estate, harbours, motorways, airports, banks, public services, hotels, national lottery…). It is a major condition imposed by the troika, as early as 2010. Other than the lack of economic rationale of these privatisations (no means to control of strategic interest activities, inability to set up economic policies, high cost of services by private operators,– *sell-and-lease-back* –, search for profitability from buyers and consequentially unlikely long term investments) and their social immorality (after these are assets acquired and maintained with the citizens' taxes), the very inefficacy of the project is dumbfounding: hurriedly sold off in a bleak environment, these privatisations are meant to yield 20 billion Euros until 2020, that is, 2 % of the public debt. Even if they did yield another 25 billion of annex investment, as the government claims, this will amount to 3 billion Euros per year, i.e. less than the value of the 2012 public investment, though it was previously cut down by 50% because of austerity[62]. Once again, one fails to find a justification, other than ideology.

2.2. Social justice

The foreign population slightly increased mainly due to extra European migration flows (Table 7). For these populations, Greece has always been a country of transition more than a destination, though many end up settling for good. Entries on national land slowed down a little from 2010 to 2011, whereas departures increased. However, the most striking evolution is that of the Greeks nationals whose departures from homeland increased by 50 %. This official data is supported by other, more specific studies which take stock of the migratory flow of the Greek citizens who seek better lives elsewhere, disgruntled by the crisis. In 2012, 17 % of 18 to 24 year-old youth claimed to be ready to emigrate[63], and in 2013 this percentage reached 50 %[64]. Among the reasons invoked were pay, quality of life, meritocracy. In 2013, more than 200 000 Greeks (mostly college graduates, and aged less than thirty) have consulted the *Europass portal* dedicated to job search in European countries. According to the federal statistic services, for the first six months of 2012, 15 838 Greeks went to Germany (+78 % versus the same time the year before)[65]. According to the *Spiegel*, from 2011 to 2012, 35 000 Greek skilled workers settled in Germany and 25 000 more are expected for 2013; 300 000 Greeks would have sent their CVs to find a job[66]. Greece is about to become (again) a country of emigration, this time of skilled population; the country pays the price both in terms of educational costs and the loss for national economy, of their non-participation.

[62] Ch. Hatziiosif, « Politique économique du government : le faux est… le juste », *I Avghi*, 12 May 2013.

[63] « Enquête : la majorité des jeunes considère l'émigration comme la solution idéale », www.naftemboriki.gr, April25th 2012.

[64] I. Drosou, « « À la recherche de la dignité », *I Epohi*, January13th 2013. Both surveys were conducted with different protocols and samples, their results are not strictly comparable.

[65] « Des émigrés Grecs ayant des doctorats », www.edu4u/admin.

[66] P. Katsakos, « *Gastarbeiter* diplômés», *I Avghi*, May 12th 2013.

Table 7. Foreign population breakdown by migratory flow and origin, 2009-2011

	2011	2010	2009*
Foreign population from within EU	151 154	153 038	163 060
Foreign population from outside EU	824 220	802 969	791 724
Inbound flow	110 823	119 070	84 193
Incl. Greeks	*60 453*	*64 137*	
Outbound flow	125 984	119 985	60 362
Incl. Greeks	*62 961*	*43 322*	

* No data for Greek migrants.

Source: Greek Statistics Institute (http://www.elstat.gr/)

People go, people stay. Among those who stay, workers from third countries, often escaping misery. They might not escape it after all: unscrupulous employers pay to them indecent wages for slave work, neo fascist groups go "rat-hunting" against immigrants and throw them out of soup kitchens, threatening even their life.[67].

As for public health the situation is apocalyptic. Public expenditures cuts in this sector are not compatible with the rising healthcare demand in times of crisis. Consultations in public hospitals increased by 6, 2 % in 2010 and 21,9 % in 2011 and hospitalisations climbed by 37 % between 2009 and 2011 (four times more on average than the 2000-2008 period), whereas the budget of the Health Ministry decreased by 23,7 % from 2009 to 2011 (-1,8 billion Euros)[68]. From 2008 to 2011, depressions and suicidal attempts have been multiplied by 2,5; suicides increased by 11,5 % (+ 20 % for men aged less than 65, subject to unemployment risk), homicides increased by 40 %; infant mortality rate increased by 51 %; the number of heroin-addicts aged 35 to 64 increased by 88 %; the suppression of needle exchange has caused an AIDS epidemics. And private health expenditure also dropped (-16, 2 % from 2008 to 2010).

2.3. Social democracy

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[67]This is the case of day labourers in Manolada, in Peloponnese, shot because they had the impudence to claim the payment of their work. This caused a lot of emotion in Greece and abroad, and appeals to boycott Manolada strawberries were called for. Let's bet the strawberries changed name and were sold to the last.

[68]Kondilis E., Giannakopoulos S., Gavana M., Ierodiakonou I., Waitzkin H., Benos A., « Economic Crisis, Restrictive Policies, and the Population's Health and Health Care: The Greece Case », *American Journal of Public Health*, April 18, 2013 (http://ajph.aphapublications.org/doi/abs/10.2105/AJPH.2012.301126). Pour les autres données, cf. T. Kostopoulos, A. Psarra, D. Psarras, « La santé pendant les années du *Memorandum* », *I Efimerida ton syntakton*, 27-28 April 2013.

State involvement in the regulation of professional relations always prevailed in Greece, grounded on an interventionist administrative and legal system which deeply impregnates the country's union history. Since the 1990s, the State has opted for a position of arbitration and promotion of joint negotiation (1876/90 Act)[69]. These negotiations are, in particular, indispensable to sign the National General Collective Agreement (EGSSE), a 70-year old practice between workers' representatives (General Confederation of Workers in Greece – GSEE – created in 1918) and those of theemployers (Greek Federation of industries – SEV – created in 1907; the National Confederation of Greek Commerce – ESEE – created in 1994 ; the General Confederation of professional crafts and small-scale manufacture – GSEVEE – created in 1919). Another central union, the High Administration of public agents unions– ADEDY –, created in 1947, organises the civil servants and does not participate in joint negotiations.

This spirit and practice of joint negotiation were torn to pieces since the country was under supervision, in 2010. Company-level unions were granted the extended possibility to sign agreements, industry-level agreements were suppressed in favour of company agreements, local agreements prevailed on the EGSEE, any contractual term contrary to government salary policies was retroactively cancelled and, above all, a recent Bill now acts in lieu of collective bargaining to set *minima* salaries (in violation of articles 22 and 23 of the Greek Constitution); this is the demonstration of a will to defy the workers and discredit their representatives[70].

Far from being the guardian of labour, the State became instigator of a political twist to deregulate the labour market[71]. Greek unions filed a complaint with the Council of Europe; the European Committee of Social rights delivered its opinion on the subject and asserted the shortcomings of some of the dispositions of the labour market induced by the troika, which violate the European Social Charter.

More, unions have tried to set up a defence strategy in opposition to austerity. Their actions significantly grew in scale compared to the past two years. Since 1999, the Greek Ministry of Employment ceased to list the strikes and publish their figures (Table 8). Thus, all the data we have comes from union sources and as such is not easy to interpret or compare. In 2001, two national strikes against the projected modification of social cover system (extension of legal retirement age, reduction of employers' contributions…) were large-scale events; since that time mobilisations tend to slow down and their content is more defensive than offensive (Katsoridas, Lambousaki, 2012). During the rest of the decade, some sectoral movements (bank employees, dockworkers, schoolmasters, Merchant Navy seafarers, higher education teachers…) had a large attendance and were in some cases long-lasting. Until 2010, one to two general sectoral strikes take place every year.

[69]Ioannou (2000).

[70] The EGSEE expired, one million workers are no more covered by a collective agreement.

[71] « This is a true step back to the 19th century, prompted by the Greek State policies; the labour market is shifting from relative stability to uttermost instability and the atomisation of labour relations » (Rombolis, 2012).

Table 8. Strikes and strikers, 1990 - 1999

Year	Number of strikes	Number of strikers
1990	200	1 405 497
1991	161	476 582
1992	166	969 484
1993	83	501 274
1994	56	226 155
1995	43	120 250
1996	31	233 674
1997	36	216 799
1998	38	214 546
1999*	15	4 411

* Only the first 5 months of the year were considered.

Source: Ministry of Employment (in Katsoridas and Lambousaki, 2012).

2011 is truly breaking with prior trends; that year saw seven general sectoral strikes (including two 48-hour strikes). The total number of strikes have skyrocketed versus the previous years, they lasted longer (84 forty eight-hour strikes, 18 unlimited strikes), and covered almost all the economic activities (240 private sector strikes, 91 in the public sector, 70 in public services); they were more massive and vehement (53 occupations, 12 picketing actions). The strikes' purposes were almost exclusively the responses to unprecedented attacks conducted on Labour since the crisis (Table 9). In 2011, strikes especially came from workers who so far had had stable, full-time employment covered by collective agreements. The reason why these workers mobilised is that they felt particularly targeted.

Table 9. Goals and number of strikes in 2011

	Number	%
Annulment of dismissals/reemployment of redundant workers	122	27,4
Payment of worked hours	112	25,2
Opposition to restructuring/privatisation/closing/dislocation…	105	23,6
Opposition to wages reductions	73	16,4
General claims on professional relations	51	11,5
Opposition to part-time unemployment	45	10,1
Compliance with the terms of collective agreements	35	7,9
Signature of a collective agreement	33	7,4
Opposition to the set up of shift work	14	3,1
Issues on retirement/social security	12	2,7
Problems of working time	8	1,8
Denunciation of union rights violations	6	1,3
Opposition to the degrading terms of individual contracts	6	1,3
Improvement of working conditions or social protection	4	0,9
Total	445	

The sum of goals exceeds the total number of strikes as they may have more than one goal.

Source: D. Katsoridas, S. Lambousaki, « Les grèves in 2011 », Études, n° 37, Les Cahiers de l'INE, November 2012, p. 91.

By far, the main demand from strikers (61% of strikes) relates to the protection of the employees' jobs (struggle against redundancies, refusal of restructuring/ closing …, refusal of partial unemployment), essentially in private companies – notably, media and construction trades –, public companies where dismissals, privatisation or merging threaten employment (transports, education, health, civil aviation, Mail, telecommunications, radio & television broadcast…), as well as public agents under fixed term work contracts. The payment of wages and refusal of reductions is the second more important claim (44 % of strikes); they concerned the industry (chemical, metal, metalwork, agro food, pharmaceutical, clothing), retail supermarkets as well as public and private hospitals. To be noted, the core of

conflicts is now on salaries: according to a survey conducted by the Institute of economic and industrial Research (the "IOVE" close to the Greek management), and by the Industries and Energy Laboratory, Athens' Polytechnic University, 69 % of companies projected to reduce their employees' salaries, 44 % to reduce or suppress productivity bonuses, 43 % to suppress their staff's in-kind incentives, 34 % projected arrangements on working time and 28 % to cut their staff[72].

Strikes and solidarity actions are more and more common, a new trend compared to the previous years. For example, the joint unions' appeal to stop working to support fixed terms contract workers, or the electricians' union action to prevent power cuts in households who didn't pay the « special » property tax included in the utility bill. Yet, the most obvious sign of solidarity between the workers is the alignment between the private sector union confederation (GSEE) and that of public sector (ADEDY), and the setup of joint action.

Conclusion

Greece is in an inextricable cats' cradle: forced to go into more debt to pay back its debt, and forced to freeze its current deficits, setting austerity policies which are economically disastrous (absence of investment, sold off national assets), socially lethal (collapse of health and pension systems, pauperisation) and extremely unstable politically speaking (regress to nationalism, trivialisation of extreme right ideas). Obviously, no solution ever emerges from adverse social climates. In the country where democracy was invented, it recedes day after day along with its social standards and the collective representation of workers. The weight of debt is a pressure-leverage for the troika to control the economic, but also political changes and procedures.[73] It does not merely impose its choices to the government of Greece: it imposes its government.

Austerity demanded by the troika and implemented with a blind zeal by the Greek government, is not very likely to bring a fast recovery into an economic balance. The recession spiral in which the country mired (income reduction– consumption reduction –activity reduction – public receipts reduction – expenditures reduction – income reduction) is devoid of any hope for growth recovery. Another policy is needed. The Greek case is the clearest testimonial evidence that financing States on financial markets – a centrepiece of financial capitalism – is a significant risk for their autonomy and self determination. What is happening today in Greece may very well happen in other States. The problems aren't isolated ones. The solutions shouldn't be isolated ones either.

> Father Ubu:
>
> —*Gentlemen, we will establish a ten percent tax on property, another on trade and industry, and a third on marriages and a fourth one on not marrying and a fifth on death, of fifteen francs each.*
>
> First Financier:
>
> —*But that's silly, father Ubu.*
>
> Second Financier:

[72] IOVE (2012).
[73] Dragassakis (2012), p. 404-406.

—*It's absurd.*

Third Financier:

—*That has neither head nor tail.*

(Alfred Jarry, *Ubu Roi*, Éditions du Mercure de France, Paris, MDCCXCVI, Acte III, scène 2, p. 78-79).

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HUNGARY

The reduction of social democracy and employment

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Since 2010, when Hungary's current right wing government came into power, the legislative boom[76] has ruined the rights of employees and trade unions as well as the structure of industrial relations institutions in many ways. First, it curtailed trade unions' leverage by the amendment of the Act on strikes in 2010. Several rules of the Act was modified, nonetheless, the most important was the re-regulation of strike in essential services. The most important piece of legislation in this regard was the Act No. I of 2012 on the new Labour Code (hereafter: LC), which fundamentally changed the Hungarian employment legislation to the detriment of workers.

This paper has double objectives: providing a concise overview of the main features of the new Labour Code and presenting our research findings on the first workplace experiences of its implementation. Although several years of preparatory legal work and lobbying efforts preceded the adoption of the new Labour Code, as far as we know, preliminary impact analysis had not been carried out. Primarily this justified that only four months after the law came into force, in October-November 2012, we carried out field work at 16 companies. Thus the aim of our research was to explore the actual (documented, possibly measurable) changes attributed to the new law in the private and state owned company sector, especially its impact on relations between workers and employers.[77]

Our company sample and the set of all Hungarian companies differ significantly according to a number of indicators. The domestic micro and small companies are missing from the sample and as to the sectoral structure is concerned, the transport and energy sectors are over-represented. State-owned firms are over-represented too, but the domestically owned firms are disproportionately fewer. Market position of the companies in the sample – as their growth-shrinkage data show – did not differ significantly from those found in the whole Hungarian economy. The companies inquired were not typical from the point of view of trade union organization either. The majority of them had significant (20-30%) or high (40-80%) union density – far more than the average trade union presence in Hungary. The vast majority of the companies are traditionally covered by collective agreements. This sample bias – in contrast to the above mentioned ones – can improve our results' relevancy. If the research confirms the hypothesis that the new Labour Code distorted the balance of power in favour of employers even in cases of strong union presence, it is probably

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[76] The ruling FIDESZ-KNDP party alliance, having two-third of the seats in Parliament, decided to re-regulate the Hungarian legal system, starting with the Constitution (now Fundamental Law), on its own.

[77] In course of the fieldwork about 50 interviews were done with union leaders as well as managers and company documents (primarily collective agreements) were studied. The research was commissioned and funded by the LIGA Trade Union Confederation and was organized by the Institute of Economics of the Hungarian Academy of Sciences. See the original research report in Hungarian: http://econ.core.hu/file/download/mtdp/MTDP1302.pdf

more prevailing where the level of unionisation is lower, or completely missing which is usual in the small and medium-sized enterprise sector.[78]

1. The reduction of social democracy and the weakening of the unions through the new labour legislation

Since 1992 Hungary has developed a dual channel workplace representation system with parallel works councils and unions at company level. At many companies workplace representation is further complicated by union rivalry. The other underlying feature that we should bear in mind is the decentralised collective bargaining structure in which the company level is deemed as the dominant one, while the coverage of sectoral/industry agreements is quite limited. That is why the regulation of company level union operations is of paramount importance.

The new legislation aimed to curb unions' workplace influence in the following ways:

- the curtailment of the right to strike,
- the elimination of national tripartism,
- the re-regulation of union representativeness and the right for concluding collective agreements
- the deteriorating of unions' working conditions (legal protection, time-off and its pecuniary compensation); (3)
- the curbing of trade union rights at the workplace (veto power, information and consultation, monitoring working conditions),
- the possibility of quasi-collective agreements concluded by the works council,
- new regulations on the scope of collective agreements.

1.1. The curtailment of the right to strike

The right-wing government, from the very beginning of its power, systematically undermined trade unions' influence. First, it curtailed trade unions' leverage by the amendment of the Act on strikes[79] in 2010. Several rules of the Act was modified, nonetheless, the most important was the re-regulation of strike in essential services.

[78]The most striking feature of the sample was the pluralistic union structure at company level, with the exception of the electricity industry (which is known of an exceptional union merger.) This is most likely a special feature of LIGA unions, which could distorted our results. Due to the timing of research we could register the first corporate responses only. This transitional state reflects on the renegotiation stages of collective agreements. Altogether 13 companies had collective agreements in force, of which the following "inventory" could be made: in six cases: a provisional agreement was concluded typically on mandatory subjects only. Major overhauls are planned for 2012, thereon negotiations are in progress; in four cases: the current collective agreement is applicable until the end of 2012 or 2013, but no formal negotiations are underway yet, so far at most verbal information flow, informal negotiations has happened; in two cases: the contract is "under review", practically the union is waiting for the employers' offer, and a new contract is expected to come into force from next year; and finally we found only in one case that a definitive agreement was reached on all issues in accordance with the new Labour Code. According to preliminary news, a significant number of employers tried to terminate the existing collective agreements by the time of the new law entering into force. This was not common in the sample, the collective agreement ceased to exist in one case only. There was another firm, where the employer made an attempt to get rid of the old collective agreement, but in the end the union could ensure its further application by concluding an agreement for a short transitional period.

[79] Act No VII of 1989 on strikes

The new regulation stipulates that minimum services must be provided during strikes, unless strike is unlawful. The extent of minimum services must be regulated – in the following order - by law, or by the agreement of the parties concluded *during* the obligatory consultation prior to strike, or by the judgement of the labour court. None of the above methods are suitable to establish the specific rules on minimum services for several reasons, though we have room only to highlight the most important factors. First of all, Acts which anyway are not considered to be proper regulators of minimum services, regulate only two sectors at the time of writing,[80] in such a high level which makes strikes ineffective.[81] Regulation by agreement is rather hopeless, because employers are aware that only the employees and unions are harmed by the lack of the agreement. Finally, courts are also very reluctant to decide on minimum services because these questions falls out of the scope of legal disputes,[82] therefore judges are not prepared to deliver such decisions. Instead, courts are using rules of civil procedure to bypass the adjudication on minimum services: courts usually reject the applications of unions' stating that their applications do not meet with the formal legal preconditions established by civil procedural law. Consequently, strike in essential services, where previously almost all strike activity concentrated, completely became impossible.[83]

1.2. The elimination of national tripartism

2011 was a turning point in top level social dialogue in Hungary: the former National Council for the Reconciliation of Interests (OÉT) was abolished. Earlier this Council established the national minimum wage and had consultative rights over employment-related legislation. Other parallel bodies such as the Economic and Social Council (GSZT) and the Forum for Economic Coordination (GEF) were also abolished. They were replaced by a single high-profile body, the National Economic and Social Council (NGTT) that clearly does not aim to continue the intensive social dialogue. While the supercharged legislative machinery continuously adopted new laws affecting "the world of work", trade unions were losing ground on social dialogue (and to lesser extent, employers' organisations, as well). This was the case with the Labour Code, as well, no institutional framework left for consultation. The Government published the proposal in June, negotiations with trade unions were protracted. Understandably, trade unions were looking for the opportunity of dialogue, and eventually through the International Labour Organisation (ILO) they successfully put pressure on the Government.

1.3. The new Labour Code: aims and general characteristics:

Major work on the re-conceptualisation of labour legislation was commissioned by previous governments before the crisis; however, for political reasons this has never proceeded up to a legislative proposal. The completition of a new Labour Code fitted

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[80] Act No. CLIX of 2012 on postal services and Act No XLI of 2012 on transporting persons

[81] According to Article 39 of the Act on transporting persons, 66% of services on local and commuter routes and 50% on national and regional routes must be operated during industrial action. According to another law, the government may declare an emergency situation in health care and may order health care staff to work at any designated place.

[82] According to the traditional classification of labour disputes, in legal disputes already existing rules and contracts are interpreted and/or applied. In these cases the courts, however, are called to establish and *not to* apply rules.

[83] In as much as strike activity almost disappeared from the toolbar of unions.

well into the wider political aim of the Government to change fundamentally the legal system according to the political will of the ruling political party-alliance.

The text of the original proposal of LC was written by five labour lawyers, out of which three are employer-side barristers (Lajos Pál, György Lőrinc and Róbert Pethő) and two law professors of the University of Pécs (György Kiss and Gyula Berke). The Government only agreed to consult a selected group of social partners: on the side of trade unions they first consulted the Liga Confederation and the Workers' Councils and then included the National Confederation of Hungarian Trade Unions (MSZOSZ). The other three confederations, equally members of the former tripartite body, were left out of the negotiations. The employers' side was also limited to three confederations of the nine recognised peak level organisations. The consultation ended in a compromise on some of the provisions of the new Labour Code that were particularly unfavourable for employees and trade unions.[84] Following a successful intervention of the ILO, the Government filed the proposal to the Parliament on 26 October 2011. More than 700 proposals for further amendments were filed during the parliamentary debate. Finally, the Parliament passed the Act on 13 December 2011. The LC, before it came into force, has been modified significantly by the Act No. LXXXVI of 2012. At the time of writing, the Government prepares a new modification of LC, because some regulations are proven to be faulty , though no conceptual revision of the Act is planned.

The aim of the new labour legislation was to improve enterprises' functional, numerical and financial flexibility, and to increase employment rate. It was argued that the preparation of a new Code is unavoidable because of changes which took place in the structure of the economy since 1992, when the first LC has passed the Parliament following the political transition, such as the dominance of private ownership, the high share of small- and medium sized enterprises, the emergence of certain atypical forms of employment, and most importantly, the employer's increased demand for flexibility. It was among the arguments that despite the numerous amendments of the previous LC, the original legal and policy objectives of 1992 have not met (for instance, expanding the playing field of collective agreements). The official justification of the proposal of the new Code referred to the need to further transpose EU law, and follow the new EU guideline outlined in the European Commission's Green Paper on Modernising Labour Law in the 21st Century[85]. Academic debates and new legislations passed by other Member States were are reflected upon in the justification of the proposal.

The new legislation broke with the traditional protective function of labour law that aimed to balance out the asymmetric bargaining positions of the two sides of the employment relationship and to protect workers in the weaker market position. Instead, according to the crafters, a more balanced approach were needed which equally protects the employers' and employees' interests in the legal relationship in case they are in need because of being equally vulnerable under particular circumstances. The main "innovation" of the new LC was the re-contractualisation of labour law which replaces labour regulation from the domain of public to private law. Therefore the new Labour Code allows more scope for collective agreements,

[84]Tóth András (2012) The New Hungarian Labour Code - Background, Conflicts, Compromises. Working Paper. Budapest: Friedrich Ebert Foundation.

[85] Commission of the European Communities (2006): Modernising labour law to meet the challenges of the 21st century. (COM/2006/708 final)

individual contracts, and employers' unilateral decisions at the expense of the legislative ius cogens (obligatory regulations). The portion of cogens legislation was reduced considerably: collective agreements, by default, can contain rules unfavourable for employees compared to the legislation.[86] Individual contracts can also depart from the Code in a much wider scope than under the previous legislation, though in this regard, the favourability rules was maintained. As the possibility or prohibition of deviation is regulated through general rules, and quite a few (sometimes conflicting) exceptions; therefore occasionally it is very difficult to decide whether an article contains cogens or dispositive regulation (open to derogation by collective agreement). The Act is extremely difficult to apply due to its complex structure and the excessive use of rules referring to each other.

Furthermore, where the act provides for minimum standards, these standards were lowered. For example, the limit for compulsory overtime, regulation of working and rest hours, level of wage supplements, sanctions applied in case of unlawful layoff, etc. The Government aim seemed to be creating a new labour law regime that provides only the minimum protection of workers requested under international and EU law, and cut back all other employment rights as far as possible. In the government's rhetoric, more flexible employment options will improve economic competitiveness and support the growth of employment.

1.4. Re-regulation of union representativeness

Between 1992 and 2012 representativeness of unions as bargaining parties was measured by the votes cast for union candidates at works council elections. Previously the representativeness was linked to 10 % of the votes acquired through the elections. Special rules applied for craft unions. These regulations of measuring unions' strength was fairly complicated, but basically aimed at forcing unions' co-operation in a pluralistic setting. The new Labour Code simplified the regulations: any union is eligible for collective bargaining if its membership reaches the threshold: 10% of the number of all employees at the company. The special rules for craft unions' representativeness have been abolished. Therefore in larger, predominantly state-owned companies trade unions representing special groups of the workforce or smaller units might be excluded from collective bargaining.

As it could be expected, research findings confirmed that some of the smaller company unions lose collective bargaining rights due to the new regulation. In our sample three local LIGA unions (out of 16) already suffered from the new rules. At one company the union has never been able to conclude an agreement, at two other companies LIGA unions may take part in the negotiations in the future, as the employer and the representative trade unions promised to keep accepting them as bargaining partners.[87] Interestingly, two of these three trade unions are no matter small ones with their 800-1000 members, but they operate at relatively big firms by Hungarian standards therefore could not reach the 10% threshold. Other local unions with membership just above the 10% felt an additional uncertainty, which topped the weakening bargaining position caused by the new law anyway. Due to the abolished

[86] In the previous act this was the exception and the 'favouribility principle' was the rule, ie. only in exceptional cases could collective agreements contain rules unfavourable for employees.

[87] The lawfulness of this solution is rather doubtful. The Hungarian collective bargaining is far from being a voluntaristic system, and according to some legal experts the 10% representativeness criterion is compulsory, even if it is not indicated explicitly by the text of the Labour Code.

rule for craft unions' representativeness, at a couple of companies the Engine Drivers' Union has dropped out from the bargaining parties.

1.5. Decreasing the number of legally protected representatives

The number of protected representatives was not limited by the law earlier, and the protection covered all elected union representatives. The new law drastically reduced the scope of legal protection for trade union officials: establishments/premises with an average headcount of up to 500 employees[88] can have only one protected trade union official, establishments with 500-1,000 employees can have two; that with 1,000-2,000 employees three; that up to 4,000 employees four; and in case of more than 4,000 employees there are only five protected representatives. In addition one further representative enjoys protection who is nominated by the trade union's highest body, thus in practice 2 to 6 persons are protected depending on the number of employees at the establishment.

It is worth to note that these regulations (alike the whole XXI. chapter of the Labour Code dealing with trade unions) are not compulsory, in this respect collective agreement may deviate from the law, except for the state/municipality- owned corporate sector. However, we found only one company which concluded a collective agreement to maintain the previous level of protection. In other words, the case studies show that almost everywhere the company management insisted to the default rules set by the dispositive regulations. Obviously, the management (perhaps, public opinion, as well) considered the former number of protected representatives too excessive. This is not entirely unfounded, since in our sample there was a ten-thousand-strong big company, where about 1,000 people enjoyed such privileged status, and at another company, protection was extended to every fifteenth workers. The reduction of the number of protected representatives to six at the above companies, might constitute another extreme solution. In case studies we found the following examples: there will be only 5 officers instead of the previous 32, 24 instead of 668, 6 instead 110, etc. The decline is therefore very substantial, and particularly detrimental to smaller local trade unions. No doubt, it will have a negative impact on the union's functionality, as many people put it: fewer representatives will be able to handle fewer grievances at the workplace; especially "at the ends" can be a problem, even in a large enterprise. A trade union opinion sketches the long-term impact too: "It will be harder to find candidates for union elections because workers are afraid of being fired next day if they make their voice heard."

1.6. Decreasing time-off for union activity, ban on compensation for unused time-off

Protected trade union officials are entitled to working time reduction and they are given additional time off for the duration of consultations with the employer. However, according to the new rules, union members are no longer entitled to time off for participation in union-organised trainings. The amount of time-off has been reduced to one hour per month for each two trade union members employed by the same employer. (Earlier two hours were allowed for every three employees that means 50% decrease.) According to the new Labour Code, unused time allowances cannot be compensated by the employer's paying the wages due to the unused time off, therefore local trade unions with larger membership (and indirectly sectoral trade unions and confederations) have to face a significant loss of income.

[88]Calculated according to the number of employees of the previous year.

Alike on protection of union representatives, collective agreement may deviate from the law in this respect, as well, except for state/municipality owned enterprises. However, the general experience was that companies are still trying to be treated as if they were cogens (compulsory) rules. In most cases the management believes that the amount of time-off was excessive, and the more prevalent opinion was that it was misused by unions.

As to the extent of time-off, the trade unions also suffered from significant losses, especially in endangering the “independent” (full-time) union status, which fundamentally affects the careers of those concerned. The unions’ loss was especially large at those state-owned enterprises, where local collective agreement stipulated higher than mandatory rate of time-off. (For example, there was a company which used to allow 3.8 hours per three members.) Under the new law we met only one case in which an agreement has already been concluded concerning the amount of time-off, however, it did not increased the extent of time off explicitly, just established a lump-sum amount of time-off for consultation in case of full-time union officers.

It is meaningful, that in most interviews unionists did not even mention the reduction of time-off, but rather complain about the abolition of cash compensation. Out of the sixteen unions visited, ten can not rely on such income any longer. In many places, this revenue was about equal to union dues, at one organization it was mentioned that such income covered 40% of the expenses. As a consequence, in the future there will be less trade-union meetings, education, recreational activity and support for needy members. Obviously, there will be a drop in union services provided for the members, which, according to some local unionists, so far was a great appeal for workers. In other words, in the lack of support for members, a number of local unions may face even more difficulties in recruiting new members in the future. However, the case studies revealed "best practices" that may reduce the loss of union. As a result of the co-operative relationship between the management and union, a couple of companies are willing to keep supporting the union financially on a voluntary basis.

1.7. Curbing trade union rights at the workplace (veto power, information and consultation, monitoring working conditions)

Until 2012 the unions’ workplace representatives had to be consulted over major issues affecting employment, including job cuts, restructuring and organisational changes, including the “transfer of undertakings”. According to the 2012 Labour Code in such cases the management has to inform and consult with the works council solely, unions’ shall be informed and consulted on demand only. (Earlier EU Directives were transposed in a manner according to which both trade unions and works councils, or trade unions in case of lack of works councils were informed and consulted.) Strange confusion is caused by the new legislation, however, beyond the scope of EU Directives. In this regard, the Act does not use the word “consultation” in relation to works councils, but “give opinion” to which no suspensive effect is associated by the general rules on industrial relations. According to sporadic data, such difference in wording already caused legal dispute in a big employer which claimed that there in no suspensive effect of negotiations with the works councils because only consultation has such effect according to LC.

The new Labour Code terminated also the possibility of union’s intervention in case of breaches of law: it phased out the unions’ limited veto power on workplace issues („kifogás” in Hungarian), which suspended the implementation of the employers’

debated measure. It also eliminated the right of the union to monitor working conditions at the workplace. The latter has become the task of the works council in a much softened form. And finally, in the future, trade unions will not be part of the electoral committee for works council elections.

Interestingly, during the interviews trade unionists did not mention losing information and consultation rights that the law now assigns to works councils, and made it available for trade unions only on demand. They complained, however, for termination of union right to monitor working conditions, saying that it hinders to fulfil that they consider the union's most important function, enforcing employment regulations. The unionists considered the abolition of the veto power to be a serious disempowerment of unions. Based on the case studies, a rather mixed picture emerged of how frequently the unions challenged the employer in this way previously. While at the majority of businesses it had only symbolic significance, in an extreme case, at a giant company without collective agreement, it was almost the main tool of furtherance of employees' interest. Regardless of whether the veto power was used before, almost all unions assessed termination of this institution as a great loss.

1.8. Changing role of works councils?

The law intends to give a greater role to works councils in the regulation and control of employment relationships. The legislation formally strengthened the roles of works councils as it shown above: it shifted some of the formal union rights to the works council, the latter got monopoly position in monitoring working conditions and information and consultation rights stipulated in EU Directives. Moreover, the new Labour Code restored works councils' right to conclude quasi-collective agreements (which must not have stipulations on wages) in absence of unions with bargaining empowerment. Another novelty of the 2012 Labour Code that established rules on the operation of concern level works council in case of groups of companies, or companies linked by ownership.[89]

On the other hand, there are novelties which weakened the position of works councils. The 2012 Labour Code has diminished the number of protected members, and now the chairpersons of works councils are protected only. Although works councils may have a bargaining role, the law remained the same on the position of works council members during industrial action: they must remain neutral. Moreover, works councils' right to co-determination – rather weak in Hungary anyway – has been restricted by the new law and they can no longer prevent the sale of welfare and social infrastructure of the company. Most likely those regulations will have the major deteriorating impact which removed the effective sanctions safeguarding the observation of co-determination and consultation rights.[90] Therefore some legal

[89] It was not prohibited by the previous legislation, either, therefore at some concerns a works council at group level was set up voluntarily. In the field research we found three groups of companies that already centralized works council's operation at group level prior to the new legislation.

[90]Under the previous legislation, violation of rigth to co-determination and give opinion on particular matters of the workplace (listed in the Act), resulted in null and void legal action of the employer. The Act in force now does not expressly stipulates this legal sanction, nonetheless, courts can still decide so, because such action is unlawful, and as such it should be null and void, according to Articles 263 (on co-determination right) and 27 (on null and void legal actions) of the new Labour Code. In case of violation consultation and information rights, they might be enforced before the courts, within 5 days (but without stipulating the starting day of the very short deadline). Article 289 of new LC. No particular sanctions are regulated in this regard, either.

experts consider the new works council regulation a sort of 'soft law', which provide employers with guidelines only.

The large majority of the companies we visited have well established works council system with local and central bodies. Although the works council may enter into bargaining in the absence of authorized trade union, this possibility may emerge only three companies due to the peculiarities of our sample. None of these employers, however, are planning to conclude such a quasi-collective agreement. Should we have a more representative company sample, probably the result would be similar, knowing the fact that basically the same regulation was in force in 1999-2002 that resulted in very few 'works agreements' only.

Since the new Labour Code shifted a number of formal unions rights to the works council, in principle it could be a union strategy to exploit better the works councils' strengthened possibilities. This would not be a brand-new feature of Hungarian workplace industrial relations because of the well-known overlap between union leadership and works councillors. However, we have not met such an effort in any case. On the contrary, in the interviews trade unionists rather repeated their deep-rooted reservations concerning works councils. Their disinterest may partly be attributable to the new regulations of representativeness, which demolished the link between the representativeness of unions and results of works councils' elections.

1.9. New regulations on the scope of collective agreements

Although one of the principles of the legislation was expanding the playing field of collective agreements, paradoxically the law puts significant limitations on the scope of collective bargaining generally, and especially in state/municipality owned companies. In these firms collective agreements must not deviate from the mandatory rules on notice period, severance pay, wages and industrial relations issues. Furthermore, working hours must not be shorter than that set out by the Labour Code unless it is needed to reduce or prevent a health hazard and the 20 minutes long daily break can not be included into working time[91]. The law on transitional issues, however, offers a "loophole" for companies: the above mentioned rules on notice periods and severance pay shall apply only to brand-new collective agreements. It is not surprising that all visited state-owned companies paid attention to avoid a new contract, just amended the existing one. However, there is no such "loophole" for industrial relations issues and daily working time – that must be uniformly 8 hours excluding lunch breaks and other interim rest periods.

Thus state companies, previously incorporated daily breaks into the working shifts, had to revise working schedules overnight when the law came into force. This made extreme difficulties at workplaces with continuous operation in three shifts, for instance in the railways, where workers of two consecutive shifts must be accommodated simultaneously at the workplaces. Complying with these rules caused serious organizational problems indeed. Implementation of the law resulted in extended working hours which inevitably decreased hourly wages. No wonder, these regulations made managers and unions equally upset, they did not understand why the government initiated regulations that entail competitive disadvantage for its own companies and cause chaos in the company's operation. As to the changing contents of collective agreements, former stipulations on work schedules were cancelled due

[91] It means that at the end of the working day workers must stay for extra 20-25 minutes in order to make up for their daily break.

to mandatory rules, they have become managerial prerogative, perhaps with consultative function of unions in the future.

On the other hand, the new Labour Code further extended scope of issues in which collective agreements may deviate from the mandatory rules in favour of the employers. It was a question in the interviews to what extent the companies has made use this new possibility. However, due to the still pending collective bargaining rounds, mostly we have a tentative answer only. The following issues seem to emerge at the companies visited: extending the probationary period (up to 6 months), introduction of longer reference period in working time accounts, increase in the employees' liability for damages caused by their negligence (up to the sum equal to 8 month "non-attendance pay").

There were some companies in the sample which have been covered by multi-employer collective agreements or sectoral/industry agreements. That was the case in the road transport and the electricity industry, in the latter the agreement had been extended to non-signatories in the industry. The new Labour Code raised new hurdles for uniform sectoral collective agreements and extension. Especially, the emergence of different regulation in the public and private companies proved to be the most important challenge. As the law implied stricter labour standards for the public sector, now private-sector employers also incline to implement public sector rules into the collective agreement and aimed to levelling downward labour relations. Therefore sectoral union's main concern is to prevent such "negative solidarity" of employers. Further problems stem from the incoherence of legal frameworks and the emerging interpretation questions. For instance, even the possibility of the "extension" of collective agreements is not mentioned in the new Labour Code.

2. The reduction of individual employee rights

2.1. Cutting back dismissal protection

Instead of providing a brief overview, touching upon briefly every part of the Labour Code, the law on dismissal will be highlighted to demonstrate the direction and regulatory methods of the new legislation. The dismissal law was chosen to be discussed in more details because it is one of the most important parts of labour legislation providing legal protection for workers against arbitrary dismissal. Though dismissal law is under revision in the context of the flexicurity debate, and a reduction of dismissal rights of workers is observed all over Europe, nonetheless such cut of rights were hardly justified in Hungary, where employment protection was far below the European average already under the previous legislation employment.[92]

The new Code has considerably lessened the legal protection of workers against unjust dismissal by the employer; exceptionally those categories of workers who are covered by EU Directives (e.g. pregnant women and mothers/parents of small children) partly kept their previously enjoyed legal protection. The single most important change was in this regard, that under the new general rule, the employee is not entitled to ask for reinstatement into its original job anymore. Instead, the employee is entitled only to financial compensation for loosing its job due to the unjust dismissal of the employer, provided that (s)he proves that (s)he has suffered

[92]Cazes S, Nesporova A (eds.) Flexicurity - A relevant approach in Central and Eastern Europe. Geneva: International Labour Office, 2007.

damage in relation to the unjust dismissal.[93] Without being able to show the actual damage, the employee – instead of reinstatement and compensation – will only be entitled to non-attendance pay[94] for the rather short length of notice period.[95] The sanctions are determined solely by the harm suffered by the employee, and the seriousness of the breach of law is irrelevant according to the recent legislation. Such capital breaches of labour law like oral or unjustified dismissals will be left without serious sanction in the lack of demonstrable damages.

The legal position of the employee hardened by the 30 days of time limit for action. In most cases, damages caused by the illegal dismissal occurs not within 30 days following the delivery of the letter of dismissal, usually when the employee still spends its notice period. Should the employee file its claim to the court, it must follow the civil procedural laws requesting a clear statement on the claim, the applicable law and the amount demanded, otherwise (s)he risks the refusal of the claim by the court. At the end of the 30 days period, the employee must declare something which is not yet known, namely (s)he is forced to make a clearly false legal statement (and in case of better paid workers to pay a duty after that). Needless to say, that during the procedure of first instance the claim could be modified, nonetheless, we can not consider a legislation to be proper which forces masses of employees to make knowingly false statement in front of courts.

Under the new legislation pregnant women are still protected against (ordinary) dismissal. Pregnant women's protection previously started at the moment of conception which has been reduced to the time when the woman notifies her employer about her pregnancy. The previous Labour Code (Act XXII of 1992) provided legal protection against dismissal during pregnancy, from the moment of conception. This law was interpreted by the courts in a manner that the dismissal was unlawful regardless the women and/or the employer knew the pregnancy. Employers opposed such interpretation stating that without appropriate knowledge of pregnancy, the employer has no fault (guilt) in breaching the law. The new legislation has accepted this argument and under the recent legislation the scope of protection only starts at the moment when the woman informs the employer about the pregnancy.[96] Although this rule is more detrimental to women than the previous legislation was, it seems to be in compliance with Article 2.a. of the Directive 92/85/EEC.[97] This modification, however, will be a subject of further debate in Hungary. The Commissioner for Fundamental Rights (Ombudsman) filed a petition with the Constitutional Court requesting the nullification of the abovementioned Article 65 (5). According to the argument of the Ombudsman, the obligation of such notification violates pregnant women's human dignity and their right to privacy. The information on early pregnancy is related to the woman's most personal sphere, her

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[93] In contrast to the general rule, if the employer illegally dismisses a pregnant or IVF-treated woman, or the mother/father of a child below the age of three, the employee is entitled to reinstatement in her/his previous work, while (s)he is also entitled to lost wages. These rights are exceptions to the general rule that seriously reduced the legal consequences of unjust dismissal.

[94] The non-attendance pay (*távollétidíj*) replaces the previously applied average salary. The non-attendance pay, according to its method of calculation, is always lower than the average salary and is equal to the basic salary of the worker in most cases.

[95] The length of the notice period is 30 days which increases with the length of service up to 90 days that is reached after 20 years of service.

[96] See Article 65 (5) of the new LC.

[97] This is again an example for deterioration of employee rights in course of transposing EU directives, which is the well-documented practice of many new Member States.

state of health and her (family) relationships. In the first three months, pregnancy may be miscarried due to several reasons, and the employer has to be notified about the miscarriage, as well, because it was informed about early pregnancy. In such cases, the notification on pregnancy and the following miscarriage may lead to an unreasonably humiliating situation offending the innermost privacy. The petition also pointed out that potential misuse of law could not be prevented by such legislation; therefore such law lacks any adequate justification.[98]

The legal protection of parents of small children has also been reduced, in a much complicated way. By default, both parents are entitled to unpaid leave as long as the child reaches the age of three for which period mothers (and single fathers) are protected from dismissal. If the married father takes the leave, he is not be protected against dismissal.[99] Labour economists have been criticized the excessive length of unpaid leave for a long time, arguing that such a long period spent out of the labour market reduces the chances of mothers to be able to re-enter the labour market. The previous Government accordingly reduced the total length of unpaid leaves to two years. The recent Government reinstated the three-year-long unpaid leave, but reduced at the same time the related legal protection of parents. If the mother or the single father returns to work before the child reaches the age of three, the level of legal protection is reduced but is not totally eliminated. The form of protection from dismissal varies according to the actual reason for dismissal. If the reason for the dismissal is related to the employee's behaviour, it must be so serious that it could serve as the basis for a dismissal with immediate effect (summary dismissal).[100] If the reason for the dismissal is related to either the capabilities of the employee or the operations of the employer, the employee can only be dismissed if there is no available equivalent work at the employer's given premises which corresponds to the capabilities, practice and qualifications of the employee used in his/her actual work.

The illness-related prohibition of dismissal was abolished by the new law, as well. If the employee is temporarily away from work because being on of sick-leave, or in order to care for a child who is ill, the employee is not protected against dismissal, only the period of notice for a dismissal will not commence until (s)he returns to work.

The new Code has considerably reduced the legal protection of employees in middle-management, as well. The Hungarian legislation broke with the view that the CEO and his or her deputies are considered to be executive employees, but broadened the scope of such regulation in two ways. Those are also considered to be executives whose work is directly controlled by the CEO and all those who may replace the CEO fully or partly.[101] Partial replacement of the CEO raises further questions, especially in regard to the so-called 'inner representation' of the company which is very frequent in employment relationships.[102] Immediate supervisors (foremen) partially replace the CEO in regard to the direct supervision of work and therefore theoretically could fall under the scope of legislation on executives. Paragraph (2) of Article 208 goes even further when stating that the employee and

[98] Short news on the activity of the Ombudsman is available in English on http://www.obh.hu/allam/eng/index.htm. (11 March 2013)

[99] This regulation rises up the suspicion that it might be against the EU sex anti-discrimination law.

[100]Article 78 of new LC.

[101]Article 208(1) of Act No.I of 2012 on the new Labour Code.

[102] According to the generally followed practice, where there are more than a few dozen employees, the execution of managerial rights and obligations is shared between different managerial levels from the top executive down to the foremen.

the employer may agree in the employment contract that the rules on executives will be applied to any employee who has ‘a job of great importance in regard to the employer’s operation’, or who has ‘a job of greater confidentiality’, provided that his/her basic salary is at least seven times the applicable minimum wage. On the basis of recent court practice which considers dismissal to be fair if the employer proves that it lost confidence in the employee, we could expect that the criteria of ‘importance’ and ‘confidentiality’ will not limit de facto the application of paragraph (2) of Article 208, but the single relevant limiting factor will be the seven times the amount of the minimum wage (equal to approximately EUR 2 714 (7 x HUF 114.000[103], i.e. HUF 798 000)).[104] Taking into account the power structure of the employment relationship, the employer will determine almost at will who would be considered to be an executive employee among those earning enough to fall within the minimum-wage-based category, and consequently they would be employed without any legal protection (in a US type of employment-at-will relationship).

The key point of the regulation on managerial employees is Article 209 (1), according to which the employment contract of the executive could depart from any law in the Second Part of LC[105] in any way (to the detriment to and in favour of the employee). It means that the law in regard of the wide circle of lower and middle management are considered to be ius dispositive, namely all protective rules could be waived by the executive employees. According to Article 210, some protective rules covers executives, for example, they enjoy legal protection during pregnancy, IVF treatment and maternity leave, though these rules are also mere ius dispositive, as it is written in the Second Part of LC.

3. Decreasing wages due to the new law

In addition to the extent of flexibility, its cost is also an important regulatory consideration. Therefore the law diminished the mandatory pay rates related to different non-standard working patterns. First of all, the new regulations introduced lower night and shift work pay rates. For work on Sunday during regular business hours (for example, in the retail sector) workers are entitled to a wage supplement of 50% rather than 100% which was applied previously. Organisations that operate on a continuous basis are not required to pay a wage supplement for work on Sunday. The new Labour Code allows parties to agree a flat-rate pay that includes the basic wage and supplements for shift work, on-call or standby work. This does not need to be set out by a collective agreement; it can be based on an individual agreement between the employer and the employee. This not only reduces the administrative burden but also might reduce wage costs, and – in the long run and in the case of new entrants – also creates a strong bargaining opportunity for employers to reduce wage costs. If employees are allowed to make their own decision on work schedule, they are not entitled to compensation for overtime.

Some other provisions of the new law also offer limited opportunities for wage adjustment and even a reduction in pay. On the one hand, for time away from work

[103] The national minimum wage for skilled workers in 2013 is EUR 289 (HUF 114.000, calculated according to the exchange rate as of 10 May 2013). 390/2012.(XII. 20.) Government Decree

[104] Such salary is approximately three times the average salary and is paid to a wide range of employees from middle- ranking managers to professionals of university degree standard in the private sector, especially in multinational enterprises.

[105] The Second Part contains the rules regulating individual employment relationship from Article 32 to Article 229. Therefore all rules written under the title of “91. Executive employees” are also ius dispositive.

employees must be paid an “non-attendance pay” rather than the average pay. The non-attendance pay might be lower than the average pay because it does not include certain elements of pay. On the other hand the new law allows employers to withdraw their unilateral written or verbal promise of a wage increase (if it had not been included in a contract) if important changes in their operation would make this very difficult to fulfil or would put an unreasonable burden on the employer.[106]

Despite the above mentioned regulations definitely affecting wages, during the debates before passing the law government officials repeatedly stressed that the new law was not aimed to cut wages. Only one (incidentally, foreign-owned) firm was in our sample which complied with the government's intention not to reduce wages. Contrary to the strong political declaration, out of the 16 case studies in five cases the unions specifically reported that nominal wages declined since the law came into force in July. In other four cases unionists reported about the threat of future wage cuts, especially at companies where renegotiations of collective agreements were underway.[107]

Most often, and to the highest extent workers suffered from wage cuts due to the elimination of or decrease in allowances for shift work, night work, or working on holidays. This may have occurred overnight, when the law came into effect, even if a collective bargaining agreement was in force but it had not specified the amount of certain allowances. The second most common cause of wage cuts was connected to the shrinking demand for overtime work, which could occur either because of the more flexible organisation of working time – for instance, with unilateral introduction of 6-month long working time banking –, or, particularly at public companies, due to the increase in annual working time. The extended working hours at state owned companies also caused decrease in the hourly wages. Trade unionists were afraid of long-term effect of longer working hours too: the available surplus labour might be the cause of redundancies in the future. A relatively smaller extent of decrease is detected in the salary for the period of paid holiday, sick leave, and other occasions of absence. It worth to note that most of the temporary collective agreements tried to diminish this sort of loss by providing a definition for the so called “non-attendance pay”, as far as possible closer to the average wage than it was settled by the law.

Conclusion

The empirical research has confirmed our hypothesis that the new Labour Code favours employers, while worsen the employees’ position in a number of ways. Nonetheless, one of the interesting findings is that at a couple of companies so far the management have not been eager to make use of the more favourable options provided for them by the new Labour Code. The reasons for this cautious behaviour are manifold, from avoiding further conflicts following to the tension of past restructurings up to a corporate culture including the tradition of cooperative industrial relations.

The main objective of the new Labour Code was to increase companies’ flexibility. No doubt, the implementation of the law has met this aim. Moreover, beyond improving internal and external numerical flexibility, the detected wage cuts prove

[106] New laws on unilateral obligations Article 16 (2) of new LC.

[107] Sometimes only contracts concluded previously with labour authorities in regard of some state support prevents employers to cut wages because in these contracts the maintenance of wages and number of staff was agreed upon.

that employers also made use of the offered wage flexibility. As to the workers, certain groups of workers suffer from the wage cuts and/or increasing workload most, especially those undertaking shift-work and overtime. In societal terms: they are manual workers, especially unskilled workers, those employed in low-wage jobs anyway. That is why the predictable social consequence of the new Labour Code is increasing wage inequality.

The changes in relation to individual employment relationship reduced the protection of workers considerably, as it was demonstrated above, especially in case of termination of employment. The sanctions employers are facing to in case of unlawful dismissal were seriously cut back, while at the same time, the duties of litigation were increased. The decreasingly remunerative is to file a case against the unlawful employer, the increasing will be the number of unlawful acts of employers which remain without sanction, as it has already been shown by the suddenly falling court case-load.[108] The lack of sanctions confirms the unlawful practise of the employers, consequently in the longer run unlawfulness might be increasingly the norm in workplaces. It was also demonstrated above, that certain groups of employees could retain considerable parts of their well-founded legal protection due to the obligation to transpose EU Directives, which highlight the power of and the need for proper EU and international labour regulations. Due to EU Directives, pregnant women and parents of small children are still enjoy relatively strong legal protection which seemingly serves the interests of these employees. The huge difference of sanctions, however, could be counter-productive because employers might develop a strategy to avoid hiring female employees and single parents due to their legal privileges.

The extremely vague definition of the term of „executive employees" similarly might result in hardly foreseeable detrimental effects on workers. First of all it is causeless, to deprive a wide circle of employees in lower managerial jobs from any employment protection because their salary is seven times of the minimum wage, or regardless of their wage, they are commissioned to replace the CEO partly. Employees in vulnerable positions (e.g. those who plan to have or adopt a child/children in the near future; workers aged around 50 and above;) increasingly will be aware of the serious legal risk involved by a promotion to the extended circle of executive positions, and will avoid them. Gender related impacts are also threatening, by further reducing the number of women in executive positions in Hungary. It must be also noted that the Hungarian legislation in this regard violates EU Directives providing legal protection during pregnancy and maternity leave.[109]

Though flexibility was the buzzword in course of legislation, in addition there was a hidden political agenda which aimed to weaken trade unions. While in 2010-11 reconfiguration of national social dialogue successfully pushed back unions at the top level, the objective of the 2012 Labour Code was to cut back unions influence at the company level and at the workplace. Interestingly, in theory a part of the legal changes affecting unions were negotiable, except for the state/municipality owned companies. However, unions managed to preserve their position through collective bargaining exceptionally only, the overall picture shows that in practice unions

[108] Based on the unanimous opinion of judges. No official statistics is published yet on the number of cases in the second semester of 2012 until 10 May 2013.

[109] Hungarian employers are rather intolerant of pregnant employees or female employees with young children. 90 % of Hungarian women, after taking unpaid leave for raising a child until the age of three, are not re-employed by their employers.

bargaining power was not enough to maintain former influence at the majority of companies.

Annexe

The trade union and employers' organisations

Hungary has a relatively low level of union density. Figures from the 2004 Hungarian labour force survey indicate that some 600,000 of the employed workforce are in trade unions, equivalent to 17% of all employees. Union membership has declined sharply over the 1990s.

There are six union confederations:

- MSZOSZ (National Confederation of Hungarian Trade Unions)
- ASZSZ (Autonomous Trade Unions Confederation)
- SZEF (Forum for the Cooperation of Trade Unions)
- ÉSZT (Confederation of Unions of Professionals)
- LIGA (Democratic League of Independent Trade Unions)
- MOSZ (National Federation of Workers' Council)

MSZOSZ, ASZSZ, SZEF and ÉSZT emerged as reformed organisations from the unified trade union confederation SZOT, which existed before 1989. MSZOSZ represents workers in manufacturing industry and private services, ASZSZ represents workers in the utilities and transport, as well the chemical industry. SZEF and ÉSZT cover public services, ÉSZT mainly in higher education and research institutes, while SZEF organises public service employees in health, social services, other parts of education and local and central government. LIGA and MOSZ, are newly created unions which represent workers across the whole economy.

Membership figures are difficult to reconcile with the labour force survey figures. According to figures reported by the unions themselves in February 2009, in terms of employed members the two largest are SZEF, with 225,000, and MSZOSZ, with 205,000. ASZSZ is in third position with around 120,000, the LIGA has 101,000, ÉSZT 85,000 and MOSZ 50,000 members.

Politically, MSZOSZ is close to the socialist party and signed an electoral agreement with it in 2005. MOSZ identifies itself as a Christian union and has built alliances with right-wing parties. The other confederations lay greater emphasis on their political independence.

The employers' organisations are also very fragmented. The most important ones are:

- AMSZ (Agricultural Employers' Federation)
- ÁFEOSZ (National Federation of Consumer Cooperatives)
- KISOSZ (National Federation of Traders and Caterers)
- OKISZ (Hungarian Industrial Association)
- IPOSZ (Hungarian Association of Craftsmen's Corporations)
- MGYOSZ (Confederation of Hungarian Employers and Industrialists)
- Stratosz (National Association of Strategic and Public Utility Companies)
- VOSZ (National Association of Entrepreneurs and Employers)

Sources:

www.worker-participation.eu/National-Industrial-relations/Countries/Hungary/Trade-Unions

www.eurofound.europa.eu/eiro/country/hungary.htm

ITALY

Success and fragility of a voluntaristic model of social democracy

Udo Rehfeldt (IRES)

1. The foundations of social democracy in Italy

Social democracy in Italy is primarily based on "voluntary" collective bargaining, i.e. based on the sole mutual recognition of the actors. The State doesn't directly intervene to impose the rules of collective bargaining which are themselves determined by collective agreements. Legislative actions are only securing the institutional needs of the trade-union actors, especially at company level. The central piece of this support legislation is the Act of 1970 called the "Workers' Statute". It guarantees, in companies with more than 15 employees, the rights of union representation such as time credit for union leaves or the convening of general meetings. On the other hand, the Act settles no information or consultation rights, neither a fortiori, co-determination rights.

The State is itself an important actor of collective bargaining, both as a signatory of tripartite agreements, and as a partner of collective bargaining in the public sector which rules matched, in 1997, that of the private sector. The foundations of the common framework of industrial relations system comprise the June 93 tripartite agreement which principles, despite a few successive adjustments, are still in force today. This agreement introduces a two-tier system centred on collective bargaining: that of the industry-level and that the company. The four-year sectoral collective bargaining agreement was reduced to three years in 2009. In application of the well-known principle, sectoral collective bargaining agreements can be improved by company agreements. For small-sized companies where union presence is non-existent, the second level of bargaining can be constituted by the "territory" (province), but still within the framework of the sector. Company agreements are negotiated and signed by a new actor: the Unitary Union Representations (RSU) instead of the former Separated Union Representations (RSA). Based on the model of factory councils created spontaneously after 1969, the RSUs are elected by all the employees, but from trade-union lists.

Along with the development of this new system, the agreement of 1993 has introduced a concerted income policy aimed at curbing inflation and enabling Italy to join the European Monetary Union. This institutionalised at the domestic level a regular consultation (with sessions held in May and in September) between the government, trade-unions', and employers' confederations to set a "scheduled" inflation rate. Wages increases contained in sectoral collective bargaining could not exceed this rate. However, until 2009 a mid-term review after 2 years was possible, to negotiate an adjustment of these pay rises, to make-up the possible difference between the actual inflation rate and the projected one. As for wages increases negotiated at company level, they cannot exceed the ones negotiated at sector level, except on the basis of a prior company agreement, linking part of the salary to strategies aimed at improving productivity, quality or "other elements of competitiveness". Though we lack reliable statistics on this issue, it appears that decentralised negotiation was very little implemented in companies, except for the

very large ones. This deficit has not been compensated by a negotiation at the territorial level.

The tripartite agreement of 1993 was fostered by political factors both European and domestic. On the national level, it was linked to the advent of a government of “technicians” after the discovery of corruption scandals which caused the disappearance of the governing parties. The crisis of the political system has thus promoted the union confederations as one of the rare actors (along with courts), whose legitimacy was not questioned. In consultation with employers’ organisations and the technicians of the centre-left government, trade unions have contributed to the implementation of a number of reforms deemed inevitable. At the same time, they proved their ability to mobilise employees, especially against projects to dismantle the pension systems and the rights of employees, planned by successive centre-right governments led by Silvio Berlusconi. They also managed to slow down the decrease in union rate, and, from 2006, even to register a slight increase in union rate. On the other hand, wage moderation provisioned in the 1993 tripartite agreement, enabled Italy to bring its inflation rate down to the European average level, and to everyone’s surprise, to join the Euro Zone upon its creation in January 1999.

Once the political crisis of the first Italian Republic was over, and Italy integrated in the Euro Zone, the new system of social democracy faced functioning challenges. Bargaining relations became more conflicting. Employers’ organizations, encouraged by the return of the centre-right governments (Berlusconi 1994, 2001-2005 and 2008-2011), increasingly sought to change the rules and shift the gravity centre of collective negotiation towards company-level. Thus in 1999, the Confindustria, the employers’ organisation of Industry, called for the freedom for companies to choose their level of negotiation, by introducing opening clauses in the industry-level agreement. But as long as the left wing was still in power, the trade union perspective prevailed and the industry-level agreement was maintained as a token for general solidarity. The employers’ organisations had to accept in 1998 to prolong the two-level system through a new tripartite agreement.

The advent of the second Berlusconi government (2001-2006) shook the trade union movement off-balance. Indeed, unlike the Christian democracy (now disappeared) Berlusconi’s party didn’t have any organic link with the trade union movement, except, having merged with neo-fascist party Allianza Nazionale, with a fraction of autonomous trade unionism. Since the 2002 White Paper, Berlusconi’s government clearly joined the neoliberal mainstream of flexibilisation and deregulation of the labour market. He also wanted to get rid of the obligation to consult the trade unions.

In 2002, trade unions could still obtain united - and successful - mobilization against the draft act intending to abolish Article 18 from the “Workers’ Statute” regarding abusive dismissals. But shortly after, Berlusconi’s government succeeded in breaking the trade union unity and signed in 2002 a tripartite agreement with the sole CISL and UIL. Such “separate” agreements multiplied at industry-level. In 2001, for the first time in 35 years, the collective bargaining of Metal Industry was renewed without the signature of the federation affiliated to the CGIL, which represents more than the majority in this sector.

2. The Italian economy in the crisis

Even before the world crisis of 2008, the Italian economy showed signs of weakness. Whereas in the 1970s, Italy’s economic growth was still superior to that of its big

European competitors, this relation reversed since the 1990s. As a result of the slowdown in growth, progress in productivity was hampered as well as in all other countries within the Euro Zone, but Italy experienced a slower growth compared to its competitors, with a real stagnation of productivity since 2000.

Although Italian companies were able to decrease their unit costs and improve their external competitiveness in 1993-1996, the corresponding increase of profitability did not increase investment, innovation or research. Companies didn't use their improved financial situation to go upmarket and to improve the Italian traditional specialisation in labour-intensive goods. As a result, the external balance had a chronic trade deficit.

During the years of crisis (2008-2012), growth became negative, deteriorating public deficits. Since the debt ratio had exceeded 100% of the GDP since 1992, debt service was increasingly weighing down on public budgets and borrowing became more and more costly. Pressured by public deficits, Berlusconi's government first responded with budgetary cuts and a three-year wages freeze for civil servants decreed in July 2010. But this austerity measure only deepened the downwards spiral of recession, resulting in a further decrease in growth and tax income. In 2011 Italy got caught up in the financial crisis of Southern Europe. By July 2011, government bonds lost 10% of their value. Rating agencies then decided to downgrade Italy. Loss of market confidence is since symbolised by a single indicator, the "spread" which measures the gap between interest rates of the German federal bonds and the Italian bonds.

The decrease in Italian production following the collapse in the global demand in 2008 didn't increase unemployment at first; because the social shock absorbers could play their usual role. First the *Cassa of Integrazione,* the Italian equivalent of temporary unemployment benefits, provided two schemes: an "ordinary" one in the event of a cyclical slowdown, and an extraordinary one in the event of structural crisis of a company. In 2008, the government authorized the extension of the system to employees and companies which had no access to it beforehand. It also increased the duration of unemployment benefits. However this costly system is difficult to hold for long periods.

3. The 2009 "separate" tripartite agreement on the reform of the bargaining system

First, crisis widened the trade union division. Thus, after the interlude of the Prodi, second left wing government (2005-2008), in January 2009 a new separate tripartite agreement was signed, on the union side by the sole CISL and UIL as well as the independent confederation UGL. This agreement reformed the system of collective bargaining established in 1993, partly satisfying employers' claims. Thus the mid-term revision clause of industry-level agreements was annulled and their timeline reduced to three years. Inspired by the German model, the agreement introduced possible derogatory conditions for companies to "manage crisis situations or to foster economic and employment growth". To encourage company-level bargaining on productivity bonuses, these businesses would benefit from tax and social security contributions reductions.

National consultation regarding the projected inflation rate was eventually replaced by a new predictor developed by an independent institution based on European indicators, which excludes the cost of imported energy from its algorithm. The new indicator was also used to calculate the discrepancy afterwards recognised between

the projected inflation and the actually recorded inflation, to enable the negotiated salary catching-up. This reform was only introduced as a four-year experiment.

The CGIL's refusal to sign the 2009 agreement was a general surprise, since it widely reflected the CGIL-CISL-UIL unitary union bargaining platform, itself a compromise between the CGIL, proponent of the existing 1993 system, and the CISL, more favourable to employers' claims for a larger decentralisation of collective bargaining. The CGIL's refusal was mostly driven by the introduction of a new calculation method to project inflation rates. According to the CGIL, this new algorithm was to deprive employees from a significant part of the potential gains secured by industry-level agreements. In praxis, the impact of the 2009 tripartite agreement on union bargaining practices was more limited than contended by the union division at the summit. In fact, collective agreements in most industries and companies are still renewed in a unified fashion. Only the metal industry and public services collective bargaining were renewed without the signature of the CGIL. Few industries implemented the new derogatory possibilities and few companies used them, again with the notable exception of the metal industry.

4. The September 2010 « pact for growth »: back to union unity

In the second phase of the crisis, the crisis of State budget, the CGIL and management positions became closer again which allowed the return of union unity and the CGIL was back in social dialogue with the management. The main reason was that the social stakeholders increasingly regarded the Berlusconi government as an obstacle to Italy's redress, and to Italy's international credibility, a necessary factor of low rate credit and the granting of U.E financial aid. Though partly for different reasons, the CGIL and Confindustria ended up demanding its dismissal.

The dissent between the CGIL and Confindustria especially came from diverging views on how to re-establish budgetary balance, how to decrease labour costs, and to impose decentralised bargaining. Otherwise, there was a strong assent on more structural measures to widen the production base, boost growth and restore the businesses' competitiveness. In September 2010, the CGIL thus positively responded to Confindustria invitation to negotiate a « pact for growth and employment ». In this frame, six texts were duly and jointly signed by the unions and the employers' confederations. Six central objectives were agreed upon: support to research and innovation, maintenance and development of social shock absorbers, development of Southern Italy's infrastructure, simplification of bureaucratic processes, State reform, taxation and productivity. However on the topic of productivity, no agreement was reached precisely because of the CGIL's different view on the role of industry-level negotiation versus company-level negotiation. On this last item the CGIL ended up making concessions to avoid an uncoordinated decentralisation as demanded by the radical branch of Confindustria, embodied by FIAT general delegate Sergio Marchionne.

In fact, if Berlusconi was the main political adversary of the CGIL, Marchionne was their main adversary with regards to labour relations. Using the threat of a production dislocation to Poland, Marchionne imposed in June 2010, a derogatory company agreement for the Pomigliano FIAT factory, signed by all the unions but the CGIL, and validated with a referendum. The purpose was to increase and flexibilise working time, shortening breaks and increasing overtime in exchange of employment and investment guarantees. This agreement was then disseminated to other business

units within the Group. Trade unions, disrespectful of this agreement are now subject to sanctions, including the non-claw-back of union dues which in Italy, are directly taken from salaries by employers.

5. The June 28th 2011 cross-confederation unitary agreement on representativeness

To prevent the wild dissemination of separate, derogatory agreements, the CGIL accepted the joint negotiation with the CISL and UIL of a framework agreement with Confindustria, on a subject which was left out from the 2009 tripartite agreement, i.e. union representativeness and the validity of agreements. After a flash 24-hour negotiation, an agreement was signed on June 28th2011. The independent confederation UGL joined this agreement on the same day. It is partly a transposition to the private sector, of representativeness rules already enforced in the public sector by the 1997 Act. In order to be entitled to join industry-level collective bargaining, unions had to go over 5 % of a new indicator, i.e. an average in percentage of the votes and members.

To be valid, company agreements had to be approved by majority in RSUs which now are the sole entities to have contractual power, whereas it was beforehand shared with the unions. Such an agreement had a universal value, for all workers. If companies have no RSU, the agreement was valid if signed by one or several organisations, having the majority of members in the concerned company. Agreements could be voted by employees, only if requested by a signatory or by more than 30 % of the concerned workers. Agreements could be rejected by more than 50 % votes, provided the employees' participation is over 50 %. A company agreement could contain a clause of non-strike (« union truce »), however it only bound the signatories-unions, not individual workers whose right to go on strike is guaranteed by Art.40 in the Constitution.

With this agreement the CGIL de facto accepted the new industry versus company negotiation terms from the 2009 tripartite agreement it did not sign. Derogatory agreements are now labelled « modifying » agreements. They can modify industry-level collective rules which aim at securing the « certainty of the economic and normative treatments common to all the workers within the sector ». In the absence of rules settled by industry agreement, modifying agreements are possible, only to « manage crisis situations » or « in case of significant investment promoting employment and the economy in a company ». The authorised arrangements are limited to the labour duties, working hours and work organisation.

The agreement was then repeated into identical cross-confederation agreements, also jointly signed with public companies/public services confederation *Confservizi* (in December 2011) and SMEs confederation *Confapi* (in April 2012). These agreements extend the validity of the June 28th 2011 agreement to almost the whole industrial sector, with the notable exception of Group FIAT, which left the Confindustria in October 2010 (see further).

6. The August 13th 2011 Decree-Law on «proximity » bargaining: last action from Berlusconi government

Driven by their recovered unity, employers' organisations and unions demanded, in their joint declaration of July 27th 2011, a radical « change » against Italy's loss of international credibility. In September 2011, Confindustria reiterated its defiance of

the government, through a « Manifest to the production forces » demanding emergency actions to restore the budgetary balance and the conclusion of a social pact to restore Italian growth, and « save the country ».

Meanwhile, on August 5th2011, in a joint letter to the Berlusconi government, first undisclosed, the outgoing and current European Central Bank chairmen demanded some measures in exchange for financial support and to restore the « markets confidence », such as salary cuts for civil servants, the liberalisation of redundancy laws and the reform of collective bargaining system, i.e. allow derogatory company agreements. The Berlusconi government saw in this pressing notice, the longed-for opportunity to roll out the deregulation programme already contained in the 2002 White paper, co-authored by the then-Minister of Labour. So the government in extremis, added Article 8 to its austerity plan, presented as decree-law on August 13th2011 and voted for good by the Parliament in September 2011. Article 8 invents a new type of so-called « proximity » agreement (company-level, or territorial) a possible waiver not only to the industry-level collective agreement, but also to labour laws, especially to Article 18 from the Workers' Statute which used to provide the reemployment of abusively laid-off workers. In its final version, the Act also grants a general validity to agreements signed with majority by the « most comparatively representative unions, on national or territorial levels », without any precision as to how this representativeness will be measured.

This Act is a legal imbroglio at least for the industries covered by Confindustria, as from then on two conflicting rules existed on the validity of derogatory agreements. Even the signatories of the June 28thagreement had mixed opinions on how to interpret Art. 8. The CGIL finally and definitively signed the agreement on September 21st2011 after winning two concessions. First, Confindustria removed a safeguard clause which granted retroactive legitimacy for the FIAT agreements. Second, a paragraph was added to the agreement, asking its member-companies to apply the agreement« entirely », implying that the latter should abstain from using Article 8 from the law. If this expectation is satisfied, an affiliated employers' federation shall no more be allowed to chose its collective bargaining partners nor the agreements signatories. However the agreement is void for a company which leaves a federation affiliated to Confindustria, and so is no more legally bound to apply the industry agreement at the end of its validity. This is precisely what happened with FIAT, which left Confindustria in October 2010 to apply its own collective agreement without signature from the CGIL metal federation, and denied the latter the right to establish union representation. To curb such practices would take a legislative intervention securing the general efficacy of industry agreements. This is the blatant limit of an unbinding system based on the parties' voluntarism, even if the July 28thagreement tones it down.

7. Annulment of Art. 18 from the Workers' Statute on abusive redundancy by Monti government: the CGIL alone once again

Art. 8 from the 2011 Act is the last legislative deed from Berlusconi government, and its swansong, as in November 2001, under the pressure of the public opinion and of the President of the Republic, he is forced to quit and replaced by a technician government headed by Mario Monti. The latter pursued and even sped up the austerity and labour market flexibilisation initiated by Berlusconi. Unlike the 1993-94 technical governments, that of Mario Monti did not seek any prior consultation with employers and workers' organisations. In a declaration before the banking

employers' federation on July 11th2012, he even blamed the past practices of consulting the trade unions to be the cause of the current economic difficulties in Italy. Trade unions saw in such declarations not only a lack of recognition of their past sacrifice to help achieve national goals, but also the sign of a technocratic and authoritarian drift.

The newly recovered union unity prolonged for a while under Monti government, joint strikes were organised against its austerity plan and in favour of a projected common bargaining platform. This platform, presented in January 2012, aimed at supporting employment, against the abusive recourse to insecure labour. To struggle against flexible contracts abuse, trade unions demanded a supplementary levy to improve the funding of the social shock absorbers. The government partly took up this last suggestion, increasing the cost of fixed terms contracts by + 1,4% to fund the new unemployment insurance. But it also took up Berlusconi's former project of abolishing Article 18 from the Workers' Statute guaranteeing the reemployment of abusively dismissed workers. Unlike in 2002 when the joint union mobilisation succeeded to block Berlusconi's project, this time the CGIL was the only Union to organise protest days. As the CISL and UIL appeared ready to find compromise on this issue, Minister of Labour Elsa Fornero finally accepted to consult the trade unions, but in a bilateral way and received them one after the other. The government finally softened on its project to abolish Article 18 only after an intervention by the democrat party whose parliamentary support was necessary for the survival of the government.

8. The November 2012 « Pact for productivity » and the April 2013 cross confederation agreement on its application: another renewal of union unity

To strengthen the decentralisation of collective bargaining and further commit the workers to productivity as requested by the European Council to Italy, the government sought a quick agreement with the partners on those issues. On November 16th2012, a tripartite agreement called « pact for productivity » was signed by the government and the employers' and union confederations, however without the CGIL. The agreement provides a settlement of objectives via « local » agreements (company or territorial), i.e. theflexibilisation of working hours and organisation. In exchange, the government increased the previously agreed-upon reduction of the taxes and social contributions for wages increase in a local productivity agreement.

On April 24th2013, a cross confederation application agreement between Confindustria and the trade unions was the sign of renewed unity as it was also signed by the CGIL. The agreement details the implementation of the tax exemption on productivity agreements. The main reason why the CGIL signed the agreement is that it also provides workers from small companies without union representation the benefit of this tax exemption, provided their employers accept to negotiatecompany-level agreements with the territorial workers' unions, assisted by their territorial employers' organisation.

9. The May 2013 unitary cross confederation agreement on industry level negotiation

On May 31st2013, Confindustria and the CGIL, CISL and UIL union confederations signed a cross confederation agreement on industry level negotiation which confirms the renewed union unity. It complements the June 28th 2011 agreement, which essentially dealt with company-level agreements. From that moment, industry levels agreements became valid on two conditions:

1. They must be signed by majority trade unions of the industry (majority based on the mixed indicator votes/members) and
2. They must be approved by a majority vote from the industry's workers.

Trade unions which signed this cross confederation agreement but might not sign a future industry-level majority agreement will have to abstain from taking measures against the validated agreement. Details on this obligation are listed in an industry-level agreement where "cooling clauses" are defined. One part of the CGIL left wing contests this part of the agreement, where they see a restriction of the right to strike. In contrary, the FIOM-CGIL metal work federation accepted it, satisfied by the fact that from now on separate and minority agreements like those signed in the metal work industry, are impossible in the future. It is however to be noted that as long as the agreement has no general efficacy by law, it is powerless on FIAT's separate agreements for it is only binding the affiliates to Confindustria.

Conclusion

The social democracy mechanisms created in 1993 to overcome a political crisis, appeared equally robust to also manage the economic and financial crisis of 2008-2012. This result is even the more so remarkable that the Italian professional relations system kept its « voluntaristic » unbinding nature, based on free collective bargaining and a minimalist State intervention. Yet the smooth run of this system lies on two conditions which are not always obtained: unions' unity and employers' unity. On both plans, turmoil existed which could only be partially and momentarily curbed. Social actors could then negotiate a coordinated decentralisation of collective bargaining. To allow its correct application by all companies and trade unions, new rules must probably be reinforced by public intervention, so far unlikely for the political conditions are not met yet.

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Appendix

Social actors in Italy

1. Trade unions

There are three major union confederations, two of which sprung from the split up in 1950, of the CGIL unitary confederation (*Confederazione generale italiana del lavoro*) born in 1944:

- the CISL (*Confederazione italiana sindacati lavoratori*) which catholic leaders were strongly bound with the Christian- , keeping this bond with the political parties sprung from this party after it dissolved;
- the UIL (*Unione italiana del lavoro*) created by secular union leaders close to the socialist and republican parties.

Historically, the CGIL was bound to the Communist Party (PCI), but hat two official minority factions: one bound to the socialist party and the second to other left wing parties. Officially, the CGIL's internal political factions were dissolved and the union's independence from parties was erected as a ruling principle. The union today is led by a reformist coalition which members kept ties with the Democrat Party (PD), born from a transformation of the PCI, and also gathering socialists and left wing catholics. The two CGIL last secretary-generals came from socialist faction. A left wing opposition still exists. It registered 17 % of votes during the confederation congress in 2010. It is a majority trend in the metal workers federation (FIOM) and the civil servants federation.

Despite the disappearance of reference parties (PCI, Christian Democracy, and Socialist Party) the differences between CGIL, CISL and UIL have remained. A reunification attempt from 1972 to 1984 was vain, however the confederations try to maintain minimum unity of action and bargaining, especially at sector and company-levels. At the European level they kept their joint representation based on a rotation system.

Next to the three confederations CGIL, CISL and UIL, there is an autonomous unionism which is strongly rooted in the public sector. Most autonomous trade unions display an apolitical and purely professional nature, but a lot of them have a right wing political bend. Three confederations have a real representativeness:

- The UGL (*Unione generale del Lavoro*), born from the transformation, in 1996, of the former CISNAL (*Confederazione italiana sindacati nazionali lavoratori*), was created in 1949 by the activists from the neo-fascist party MSI. It remained close to *Allianza nazionale,* party itself sprung from the "post-fascist" transformation of the MSI, which then merged with Silvio Berlusconi's Forza Italia Party. It is the largest autonomous confederation, present in many sectors including the private sector.
- The CISAL (*Confederazione italiana sindacati autonomi lavoratori*) was born from a merging of diverse autonomous trade unions, in particular from social protection institutions which are its core members.
- The CONFSAL (*Confederazione dei sindacati autonomi dei lavoratori*) came from the merging in 1982of autonomous trade unions from the administration

and education, where it is very present with the SNALS (*Sindacato nazionale autonomo dei lavoratori della scuola*).

Some autonomous trade unions only exist in sectors. For example the FABI (*Federazione autonoma bancari italiani*) was created in the banking sector as a split up from the CGIL which refused to affiliate to one of the other confederations. It conducts joint actions and collective bargaining with the three confederate trade unions.

The separatist party *Lega Nord* made its own union SinPa (*Sindacato padano*). In 1997, the Lega called its voters, a lot of whom are CGIL, CISL and UIL members, to burn their union members' card and join SinPa. This initiative did not have the expected success and since, both SinPa and Lega have declined.

Next to these generalist unions, executives' trade unions exist, for example the *Unionquadri*, CIDA (*Confederazione italiane dirigenti d'azienda*), unionising senior executives and corporate managing directors, as well as the CUQ *(Confederazione unitaria dei quadri)*. The latter signed in 2009 an « association pact » with the CISL. Executives' unions do not always take part in collective bargaining.

There is also an autonomous extreme-left wing union. It development is more recent, sprung from the emergence by the end of the 80s, of *Cobas* (grass root, base committees) in a certain number of very specific sectors and crafts such as railways (machinists) and airborne transport (pilots, air-traffic controllers). Most of the Cobas' leaders left the CGIL when it started to adopt more moderate union demands. In the CISL, similar events occurred. The most notable event was the creation of the FMLU (*Federazione lavoratori metalmecanici uniti*) by left wing activists excluded by the Milanese CISL. The FMLU created, with diverse Cobas, a coordination organ called CUB (*Confederazione unitaria di base*). In 2010, these trade unions created a new confederation bearing the name of*Unione dei sindacati di base* (USB).

The union rate was still over 50 % in 1976 and dropped between the 1980s and the 1990sto stabilise at 34 % from 2000. Since 2006 it slightly increased, up to 35 % in 2010 (ICTWSS database). The CGIL, strong in the industrial sector, which is declining, is still the largest confederation with 2,7 million members in 2008-2009, more than half of whom are pensioners, followed by the CISL (2,2 millions), the UIL (1,3 millions). The UGL claims 1,2 million members.

2. Employers' Organisations

There are several employers' confederations. In the industry, the largest is *Confindustria (Confederazione generale dell'industria italiana*), claiming 150 000 members employing 5, 5 million workers. For industrial SMEs, it is in competition with *Confapi (Confederazione italiana della piccola e media industria*), claiming 120 000 members employing 2,3 million workers. The non-industrial sectors have their own employers' confederations. That of banks is the *ABI*, that of insurance companies *ANIA*.

Many employers' confederations have political ties. Thus, in the crafts industry,*Confartigianato* is rather centre-right, and the CNA (*Confederazione nazionale dell'artigianato e della piccola e media impresa*) centre-left. In commerce and tourism, the largest confederation, *Confcommercio*, claiming over 700 000 members employing more than 2 million workers, has a centre-right political

orientation whereas the *Confesercenti*is bound to centre-left. In the cooperatives' sector, *Confcooperative*was historically tied with Christian Democracy and *Legacoop* to the left wing parties. In agriculture, *Confagricultura* represents large farms. *Coldiritti*, from owner-farmers, was historically tied to Christian Democracy whereas the CIA (*Confederazione italiana agricoltori*) was linked with the left wing parties. During their privatisation, former municipal public services created their employers' confederation *Confservizi.*It is close to centre-left.

To defend SMEs interests, Confartigianato, CNA, Confcommercio and Confesercenti and a fifth association created in 2010 a coordination called « *R.ETE. Imprese Italia* » claiming to represent 58 % of Italian employers. The cooperatives did the same in 2011 by creating an « Alliance of Italian Cooperatives ».

In the industry, employers organisations is said to have represented in 1997, companies employing 31 % of the sector's workforce (ICTWSS database).

3. The State

Except when it takes part in the negotiation of tripartite agreements, the State hardly intervenes in collective bargaining. There is no extension mechanism for industry-level agreements, but the courts make sure that companies comply with industry-level agreements.

As for collective bargaining in the public service, including at regional and municipality levels, the State devolved in 1993 its competences to an autonomous organ, the "*Agency for contractual representation of public administrations'' (ARAN).* The ARAN is headed by a board of five directors, appointed for four years, by decree from the Prime Minister. Two of its members are respectively appointed by the Conference of Regions and by the National Association of Municipalities and the Union of Provinces. The directors from this board must be « recognised experts in professional relations and human resources management » and may come from outside the public services. In the past, some were managing directors, lawyers and academic professors.

Abstract

All over the world, the workers' economic insecurity is growing, along with unemployment and increasing inequality. Insecure and informal work keeps spreading and wherever it exists, that is in a minority part of the world, the systems for social protection undergo unprecedented attacks since the aftermath of WWII even though this period saw the birth of most of them. 2008 appears like a turning point. The financial system crisis triggered a whirlpool of imbalances and conflicts which reached almost the whole world.

The present report is an order by the CGT, which commissioned the IRES to measure whether or not the existence of participatory mechanisms, more or less associating workers to the conduct of public or corporate policies, has been a differentiating factor in the modalities of crisis management since 2008.

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This is a two-part report: part 1 is an overview of four items: (1) to define the meanings of what social democracy; (2) to roughly reposition the context of economical and social policies in the world since 2008; (3) to characterise the convergences divergences in Europe (4) to draft at last some clues about the relationships between social democracy and crisis management.

Part 2 contains monographs from 7 E.U. countries: Germany, Belgium, Spain, France, Greece, Hungary, and Italy. Due to its topic (social democracy) but also to time constraints on the present study, its main scope is Europe.