

# Process versus Content; or the slow and painful death of Social Dialogue

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Yesterday's voting of the new Memorandum signifies an important break with existing traditions. Although the media are primarily, and rightly so, preoccupied with the *effects* of the new measures on employment relations and on people's lives, an equally, if not more so, important aspect of the latest developments concerns the *process* of their implementation. In a sense, the adoption of the Troika's demands constitutes another nail in the coffin of social dialogue (unfortunately, although I eagerly hope to be disputed, not the last one...). For the past three weeks, the Greek public witnesses the gradual, but steady, disintegration of a fundamental pillar of any industrial relations system. The beginning was made with the employers' demand not to pay the – agreed by them in the 2010-2012 national collective agreement – 2.6% July increases on the national minimum wage (NMW), and the subsequent demand by the government to the social partners to negotiate a future wage decrease. The negotiations between the social partners had a broad agenda, that included the re-examination of the 13th and 14th wage and of the automatic wage increases based on seniority (known in Greece as "orimanseis"), and the freeze of the NMW for the 2013-2014 (and, perhaps, 2015) period.

Three points deserve our attention here: first that the social partners were engaged into a process of renegotiating an agreement that would expire after a year; second that they were willing to do so; and third, the fact that throughout the negotiations the government threatened to regulate a decrease in the national minimum wage if the social partners did not voluntarily agree to do so by themselves. The outcome of the discussions is well known by now: the two parties agreed to preserve the 13th and 14th wage and to continue the negotiations regarding the level and extent of pay freeze. Unfortunately for them, their negotiations were never concluded, as the government, under the pressures from the Troika, unilaterally regulated a 22% reduction in the NMW (32% for workers below the age of 25). The wording of the last Memorandum is quite apocalyptic of the importance the Troika prescribes to the social partners: "Given that the outcome of the social dialogue to promote employment and competitiveness *fell short of expectations*, the Government will take measures to foster a rapid adjustment of labour costs to fight unemployment and restore cost-competitiveness..."<sup>[1]</sup> (emphasis added).

The disdain and the marginalisation of the social partners are characteristic of the new industrial relations climate that is being formed in Greece since the signing of the first Memorandum. Although in the past a tripartite social dialogue – no matter how problematic, no matter how incomplete – used to take place in issues concerning employment relations, the laws concerning employment that have been voted since 2010 bare no sign of social dialogue whatsoever. Under the pretence of emergency, the social partners, and especially the unions, become puppets in an orchestrated show of social decomposition. In a sense, the regulation of the NMW was the last actual industrial relations right left to the national social partners; the latest developments, and an interesting clause in the new Memorandum according to which "[t]he Government will engage with social partners in a reform of the wage-setting system at national level... The proposal shall aim at *replacing the wage rates set in the NGCA with a statutory minimum wage rate legislated by the government in consultation with social partners*"<sup>[2]</sup> (emphasis added), renders the current role of the national social partners redundant. One does not need to be an industrial relations expert to understand the qualitative difference between *consultation* (I hear what you say, but I will decide whether I will accommodate your opinion) and *negotiation* (where an agreement requires the consent of all involved parties). If the government is to legislate the level of the NMW (God knows under what criteria!), and the social partners are restricted in a consultative role, one can appreciate the effect this may have on their relative social power. Unionisation in Greece (and this includes both the workers and the employers) is already at very low levels – imagine what will happen if they are deprived of their remaining industrial relations right.

“So what”, one may wonder; “what does it matter how a decision is taken if this decision helps to ensure the financial sustainability of Greece and the avoidance of its immediate bankruptcy? Extreme situations call for extreme measures, and social dialogue may be a luxury that the country may not be able to afford at the moment. Anyway, the efficiency of the social partners in negotiating the NMW is questionable, and it may be better if the State steps in and takes hold of the matter”. To argue so is not only dangerous, it is also very problematic, for such an argument ignores the political and economic necessity of social dialogue for the smooth function of the system.

Social dialogue is not a simple discussion between two opposed parties trying to agree on a solution. It is a fundamental political process through which the two sides of the employment relationship legitimise each other as interlocutors in the negotiation of important aspects of the employment relationship. Social dialogue and collective bargaining could never exist if the two parties did not regard each other as trustworthy discussants. Seen under these lenses, social dialogue acquires a deep political nature, signifying the commencement of a democratic process in the workplace and in the industrial relations system (I say commencement, for, as may well be the case, the outcomes of the negotiations may not necessarily be democratic). Through social dialogue, Capital and Labour express their willingness to self-regulate the content of their ‘contract’, without exogenous pressures, especially from the State. Social dialogue also serves an important economic role: at the basis of its existence lies the supposition that the ones who are directly involved with employment-related matters (i.e the workers and the employers) are better suited in finding effective and efficient solutions to their problems. Indeed, if we come to think about it, who knows the realities of the shop-floor or of the market better than the ones who actually define it?[3] To marginalise the importance of social dialogue in the industrial relations system is not only undemocratic, but inefficient as well.

For the past couple of years, social dialogue in Greece experiences a double pressure: one from the government, which decides to override the decisions of the social partners if they do not suit its aims, or to ignore them completely in the formulation of policies; and one from the employers and their associations either at the industry or at the establishment level, where free collective bargaining takes place, if at all, under conditions of pressures and threats, putting the adjective ‘free’ to the test daily. Faced with this situation one rightly wonders what will fill the gap left open by the decomposition of social dialogue. The answer is quite simple: unilateralism. This is what is going on at the national level, or what is attempted to be implemented at the establishment level through laws such as 3899/2010 and 4024/2011, or the others that will follow the new memorandum. Unilateral practices, however, bring with them all the vices of undemocratic decision making: resistance, inequality, overt and covert conflict. For we must not forget that social dialogue does not represent the “institutionalisation of consensus” but, rather, the “institutionalisation of conflict”[4]; and when conflict is left un-institutionalised in employment relations, industrial peace and productivity are the first to suffer – gravely...

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[1] “Memorandum of Understanding on Specific Economic Policy Conditionality”, Draft of 9 February 2012, p. 25. Available at <http://www.hellenicparliament.gr>

[2] Ibid. p. 25.

[3] For more on the function and nature of social dialogue see Richard Hyman (2010) “Social Dialogue and Industrial Relations during the economic crisis: Innovative Practices or Business as Usual?”, Working Paper 11, Industrial and Employment Relations Department, ILO, Geneva,.

[4] Ibid. p. 11.