

Talking through the crisis: Social dialogue and industrial relations trends in selected EU countries

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EXECUTIVE SUMMARY

The financial and economic crisis that hit the European Union (EU) in 2008 had important implications for social dialogue and industrial relations across Member States. Initial national policy responses, which aimed mainly to boost demand, were introduced in most countries through social dialogue between governments, employers' and workers' organizations. However, once the economic situation deteriorated further, requiring urgent fiscal consolidation and related policies to reduce growing macroeconomic imbalances, tripartite social dialogue weakened or even collapsed in a number of instances. In others, tripartite dialogue took on new forms while yet others saw important agreements concluded through bipartite institutions, while their tripartite counterparts struggled to function effectively. Thereafter, conditions generally started to improve and most Member States saw the beginnings of a recovery in GDP growth and employment by 2013. But disparities in unemployment between Member States had widened dramatically during the crisis years and, despite some recent improvements, are still much higher than they were in 2008. And while household disposable income has risen in many countries, poverty and social exclusion persist in others. Alongside these changes, tripartite social dialogue has continued or resumed in many European countries, but is yet to re-establish itself fully or at all in a significant minority.

This book represents the main output of a research project implemented by the International Labour Office (ILO), in collaboration with the European Commission (EC) and with funding from the EU. Studies were carried out by reputed scholars in eleven European Member States, selected to represent the range of social dialogue and industrial relations systems prevailing in Europe: Belgium, Finland, France, Germany, Ireland, Lithuania, the Netherlands, Spain, Slovakia, Slovenia and Sweden. An introductory chapter analyzes social dialogue in the "post-crisis" period in the countries studied according to five thematic areas, drawing also on evidence from other EU Member States: first, the national economic and political contexts; second, the national trajectories of social dialogue over the period; third, the role of National Social Dialogue Institutions (NSDI); fourth, the influence of the European Semester process; and, finally, national developments in industrial relations and collective bargaining.

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Improvement in economic conditions has not translated into a generalized recovery in social dialogue

Some Member States have witnessed a revitalization of social dialogue in various ways and forms in the "post-crisis" period. This is essential for achieving inclusive and sustainable post-crisis recovery, through

formulating and implementing policies that are designed to fit national priorities. All stakeholders need to deploy adequate human, financial and institutional resources to allow social dialogue to reassert its rightful role in national policy processes.

But social dialogue has not recovered fully or consistently since the crisis, including in countries which have seen significant improvements in their economic performance. Two main factors may account for this. First, political instability has weighed against a resumption of social dialogue in certain countries; second, an erosion of trust between the government and the social partners over the crisis years needs time to be rebuilt. This is especially challenging when there is no consensus between the social partners on the policy choices needed to sustain economic recovery, and when they are struggling to build their respective membership bases in the face of profound structural change in labour markets.

At supra-national level, reinforcing the role of social dialogue is a key ingredient for ensuring an enhanced social dimension in the policies of the Economic and Monetary Union (EMU). The crisis demonstrated the multi-level nature of social dialogue, whereby processes at supra-national level increasingly exert an influence on national dynamics.

Diverse national dynamics and uneven revitalization of social dialogue

Social dialogue dynamics in the post-crisis period are characterized by significant differences across Member States. This diversity can be broadly categorized into four scenarios based upon an analysis of how national tripartite social dialogue fared during and since the crisis, accepting that this represents a simplification of a more complex reality (see figure 1). A first scenario groups those countries in which social dialogue was discontinued during the crisis and is still struggling to recover in the post-crisis period; two of the countries studied fall into this category. A second scenario comprises countries where social dialogue continued throughout the entire period; this applies to five of the countries studied. Three countries fall into a third scenario, in which social dialogue was revived in the post-crisis period, having been discontinued during it. Finally, one country belongs to a fourth scenario, in which social dialogue survived the crisis but was discontinued more recently.

Most of the countries covered by this research (8 out of 11) witnessed something of a revitalization of social dialogue during the post-crisis period, but this recovery was very uneven in its intensity, mechanisms and the outcomes delivered. Yet a number of positive and innovative experiences identified serve to demonstrate the resilience and effectiveness of social dialogue as a policy-making tool through challenging times.

These experiences include: the social summits and social conferences which enabled social dialogue to continue in France; the peak inter-sectoral agreements concluded through bipartite social dialogue in Spain; the ad hoc bipartite and tripartite meetings held throughout the period in Germany, as well as its new institutions for social dialogue at regional level; and the special “anti-crisis” bipartite and tripartite bodies established in Slovakia.

There is clearly no “one-size-fits-all” strategy to revitalize and sustain social dialogue as a vehicle for recovery after a crisis. Different approaches are needed, reflecting the national diversity underpinning the European social model and the role of social dialogue within it, yet which still embody the fundamental tripartite principles of the ILO. Nonetheless, in all cases, the active engagement of all the actors is essential if social dialogue is to recover and be sustained; there is nothing automatic or inevitable about this process.

Figure 1. Crisis and post-crisis scenarios of national tripartite social dialogue

| | | Post-crisis (2013-2015) | |
|--------------------|---|---|---|
| | | <i>Continuity in social dialogue</i> | <i>Discontinuity in social dialogue</i> |
| Crisis (2008-2012) | <i>Continuity in social dialogue</i> | (ii) France (*), Germany, the Netherlands, Slovakia, Sweden | (iv) Finland |
| | <i>Discontinuity in social dialogue</i> | (iii) Belgium, Lithuania, Slovenia | (i) Ireland, Spain |

(*) This was the position in France up to the end of 2015. In the first quarter of 2016, there was a breakdown in social dialogue linked to proposed labour law reforms, as explained in the post-script to chapter 4 of this volume.

The crucial role of national social dialogue institutions

National Social Dialogue Institutions (NSDI) differ widely between countries in their mission, structure, ways of functioning and effectiveness. The crisis helped to open a public, and much-needed, debate on the role of these institutions, which should help them to better equip themselves to face new challenges and opportunities in the future.

The role of these institutions in policy-making diminished during the crisis in some countries, often parallel to an overall decline in the importance of social dialogue, for example, in Finland, Ireland and Spain, but also in Hungary and Romania. But in others, these institutions rose to the challenge. A number of new tripartite and bipartite institutions sprung up with the specific aim of finding ways to alleviate the impact of the crisis, for example in Slovakia, and in Greece, where previously dormant institutions were reactivated. In other countries, social dialogue in NSDI continued despite the adverse crisis conditions as in Belgium and Slovenia, while in the Czech Republic, the Netherlands and Sweden (and to some extent in Portugal), they worked smoothly throughout the period under consideration. Thus, while the crisis certainly posed challenges, it also opened up new opportunities for these institutions to demonstrate their value in shaping a new social and

economic contract. National governments and the social partners in the EU should now reflect upon this experience, and engage in an informed debate about how best to modernize social dialogue institutions. The ILO stands ready to support such a process of reflection. The EU, for its part, continues to support social dialogue in Member States, including by providing financial assistance through the European Social Fund.

The European Semester: an opportunity for social partners' involvement in policy-making

The European Semester is an important mechanism for economic policy coordination across EU Member States. Social dialogue, within the European Semester context, can help individual countries achieve an appropriate balance between the twin goals of macroeconomic stability and social inclusion while, at the same time, strengthening democratic governance at the EU level.

The contribution of the social partners and social dialogue to the EU Semester was at first modest, but recent years have seen a significant improvement. At the level of the EU, proactive efforts to involve the EU social partners have been stepped up since 2013, leading to their increased engagement with several European institutions. At national level, recommendations have been consistently and firmly made for governments to consult the social partners during the drafting of National Reform Programmes (NRP) and to involve them in policy design and implementation. The signs to date are encouraging; although each Member State is different and the structures for social partners' involvement are not yet fully institutionalized, the regularity and predictability of social partner consultation within the European Semester has noticeably improved in recent years.

Industrial relations have generally stabilized, but significant challenges remain

Industrial relations institutions have a threefold role in sustaining tripartite social dialogue. First, strong industrial relations institutions enable the more effective implementation of decisions taken through tripartite social dialogue; second, such institutions allow the social partners to enhance their technical capacity in key issues, which can then be effectively applied in national level dialogue; and third, strong and well-articulated industrial relations institutions tend to engage in bottom-up consensus-building, contributing in turn to the maintenance of social dialogue at the national level.

Industrial relations dynamics in the post-crisis period in Europe have been characterized by overall stability. In countries where important industrial relations and collective bargaining reforms took place during the crisis, these have generally since been maintained. In other countries, the landscape is also generally stable, with only a few having reformed their existing institutions. Some of the long-term trends in industrial relations, which set in before and accelerated during the crisis, seem recently to have slowed. However, significant challenges remain if some level of coordination of collective bargaining is to be maintained against a backdrop of increasing de-centralization. Despite some evidence of intensified efforts to enhance sector-level coordination, declining coverage of collective agreements risks exacerbating inequalities in earnings. Finally, the continued significant regulatory role of the state may limit the autonomy of the social partners in some countries.