Peak-level social dialogue and COVID-19: The European experience
Peak-level social dialogue and COVID-19: The European experience

Edited by Youcef Ghellab, David Mosler, Konstantinos Papadakis and Rainer Pritzer

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Preface

At the time of writing of this preface, countries around Europe are lifting, or have lifted, many of the protective and supportive measures implemented throughout the course of the COVID-19 pandemic. Measures such as lockdowns, social distancing and other protective measures – previously long forgotten in Europe – have saved lives, but have also stifled activities across societies, sectors and economies. Peak-level social dialogue (that is, permanent or ad hoc dialogue and cooperation between governments and nationwide organizations of employers and workers) has played a crucial role in Europe and beyond, to ensure that such measures are effective, based on solid normative grounds and that their socio-economic implications are framed on the broadest possible consensus.

The ILO has consistently urged governments and social partners to work together in the design of policies that promote social justice. Social dialogue has lived up to the expectation in many (albeit not all) corners of the world and has helped protect workers, support enterprises and improve livelihoods, despite strains in some instances in exercising fundamental principles and rights at work, as laid out in the 1998 ILO Declaration. In Europe, peak-level social dialogue is more traditionally embedded in the policy landscape than in other parts of the world and has a long history of achieving compromise and creating buy-in of all participants. However, it is by definition a complex process, with outcomes varying by country and industrial relations system. The selected case studies seek to explore the role of peak-level social dialogue during the COVID-19 pandemic across a diverse set of European countries, to reflect on lessons for the governance of future crises.

In order to “build back better”, learning from the COVID-19 pandemic must be at the forefront of tripartite actors’ thinking in the upcoming years. This is what the present volume seeks to achieve, in relation to policy-making in general as much as to the preparedness for tackling future crises. Capacity-building for sustained social dialogue and effective tripartite institutions must be encouraged over ad hoc involvement of social partners. As outlined in the ILO’s Global Call to Action for a Human-Centred Recovery, workers and employers have a particular stake when it comes to defining the parameters of the post-COVID-19 world of work, which can only be claimed through strong and inclusive social dialogue mechanisms.

We would like to take this opportunity to express our sincere thanks to the authors of the different chapters, and to all constituents and experts that have engaged in this exercise. We would also like to thank the following ILO colleagues for their contribution, namely Maurizio Bussi (Regional Office for Europe and Central Asia) for his initiative and guidance of this project, Sergeyus Glovackas (Bureau for Workers’ Activities) and Christian Hess (Bureau for Employers’ Activities) for their support and insightful views as well as Olga Koulaeva (ILO Moscow), Cyril Cosme (ILO Paris) and Emil Krstanovski (National Coordinator, Skopje) for their professional contributions. Our thanks also go to Michael Braun (Regional Office for Europe and Central Asia), Igor Zemlyanskiy and Delphine Bois (both in the DIALOGUE UNIT/ Governance and Tripartism Department) for their valuable technical and administrative contributions in the finalisation of this volume.

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<td>OKE</td>
<td>Economic and Social Council of Greece</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td></td>
<td>OSH</td>
<td>Occupational safety and health</td>
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<td>EU</td>
<td>European Union</td>
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<td>North Macedonia</td>
<td>ESC</td>
<td>Economic and Social Council of North Macedonia</td>
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<td></td>
<td>PLSD</td>
<td>Peak-level social dialogue</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>Denmark</td>
<td>AUB</td>
<td>Employers’ Educational Refund</td>
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<td></td>
<td>CPR</td>
<td>Personal citizen number</td>
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<td></td>
<td>CVR</td>
<td>Business registration number</td>
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<td></td>
<td>DA</td>
<td>Danish Employers’ Confederation &lt;br&gt; Dansk Arbejdsgiverforening</td>
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<td></td>
<td>DBA</td>
<td>Danish Business Authority Erhvervsstyrelsen</td>
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<td>DKK</td>
<td>Danish krone</td>
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<td></td>
<td>FH</td>
<td>Danish Trade Union Confederation &lt;br&gt; Fagbevægelsens Hovedorganisation</td>
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<td></td>
<td>NEC</td>
<td>National Employment Council</td>
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<td></td>
<td>RAR</td>
<td>Regional Employment Councils</td>
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<td></td>
<td>VET</td>
<td>Vocational and Educational Training</td>
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<td>France</td>
<td>APLD</td>
<td>Activité Partielle de Longue Durée</td>
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<td>CFDT</td>
<td>Confédération Française Démocratique du Travail</td>
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<td>Abbreviation</td>
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<tr>
<td>CFE-CGC</td>
<td>Confédération Française de l’Encadrement – Confédération Générale des Cadres</td>
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<td>CFTC</td>
<td>Confédération Française des Travailleurs Chrétiens</td>
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<td>CGT</td>
<td>Confédération Générale du Travail</td>
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<td>CPME</td>
<td>Confédération des Petites et Moyennes Entreprises</td>
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<td>CSE</td>
<td>Comité Social et Economique</td>
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<td>DGT</td>
<td>Direction Générale du Travail</td>
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<td>FNSEA</td>
<td>Fédération Nationale des Syndicats d'Exploitants Agricoles</td>
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<td>FO</td>
<td>Force Ouvrière</td>
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<td>MEDEF</td>
<td>Mouvement des Entreprises de France</td>
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<td>PIA</td>
<td>Investment Programme for the Future <em>Programme d’investissements d’avenir</em></td>
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<td>SMEs/MSMEs</td>
<td>Small and medium-sized enterprises/micro, small and medium-sized enterprises</td>
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<td>U2P</td>
<td>Union des Entreprises de Proximité</td>
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<td>UNSA</td>
<td>Union Nationale des Syndicats Autonomes</td>
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<td>GREECE</td>
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<tr>
<td>TEPIH II</td>
<td>Enterprise Fund</td>
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<td>ALMP</td>
<td>Active labour market policies</td>
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<td>EAP</td>
<td>Economic Adjustment Programmes</td>
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<tr>
<td>EPANEK</td>
<td>Operational Programme Competitiveness, Entrepreneurship and Innovation</td>
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<td>ESC</td>
<td>Economic and Social Committee</td>
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<td>ESEE</td>
<td>Hellenic Confederation of Commerce and Entrepreneurship</td>
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<td>GSEE</td>
<td>General Confederation of Greek Workers</td>
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<td>GSEVEE</td>
<td>Hellenic Confederation of Professionals, Craftsmen &amp; Merchants</td>
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<td>NSRF</td>
<td>National Strategic Reference Framework</td>
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<td>PIP</td>
<td>Public Investment Programme</td>
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<td>PLMPs</td>
<td>Passive labour market policies</td>
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<td>PPE</td>
<td>Personal protection equipment</td>
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<tr>
<td>SBE</td>
<td>Federation of Industries of Greece</td>
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<td>SETE</td>
<td>Greek Tourism Confederation</td>
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<tr>
<td>SEV</td>
<td>Hellenic Federation of Enterprises</td>
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<tr>
<td>SURE</td>
<td>Support to mitigate Unemployment Risks in an Emergency</td>
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<td>TIN</td>
<td>Taxpayer identification number</td>
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**LITHUANIA**

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<th>Acronym</th>
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<td>LDK</td>
<td>Lithuanian Employers' Confederation</td>
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<td>LPK</td>
<td>Lithuanian Confederation of Industrialists</td>
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<td>LVK</td>
<td>Lithuanian Business Confederation</td>
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**NORTH MACEDONIA**

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<tr>
<td>BCM</td>
<td>Business Confederation of Macedonia</td>
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<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<tr>
<td>ESC</td>
<td>Economic and Social Council</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>KSOM</td>
<td>Confederation of Trade Union Organizations of Macedonia</td>
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<tr>
<td>KSS</td>
<td>Confederation of Free Trade Unions</td>
</tr>
<tr>
<td>LESC</td>
<td>Local Economic and Social Councils</td>
</tr>
<tr>
<td>ORM</td>
<td>Organization of Employers of Macedonia</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SSM</td>
<td>Federation of Trade Unions of Macedonia</td>
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<td>UNASM</td>
<td>Union of Independent and Autonomous Trade Unions of Macedonia</td>
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**RUSSIAN FEDERATION**

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<td>FNPR</td>
<td>Federation of Independent Trade Unions of Russia</td>
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<td>KTR</td>
<td>Confederation of Labour of Russia</td>
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<tr>
<td>RSPP</td>
<td>Russian Union of Industrialists and Entrepreneurs</td>
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Peak-level social dialogue and COVID-19 in selected European countries: overview and takeaways

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The COVID-19 pandemic: an ongoing crisis

The COVID-19 pandemic, triggered by the SARS-CoV-2 virus, was detected in December 2019 and soon spread across the world. Since then, practically all states have adopted unprecedented policy and regulatory actions, with a view to containing the spread of the virus and mitigating its impacts on public health and society at large.

The adoption of “social distancing” measures and mobility restrictions by practically all governments, including impressive “lockdowns”, constituted two critical responses to the pandemic. Yet, these measures acted as a double-edged sword. On the one hand, they appear to have dramatically mitigated the risk of witnessing a repetition of the 1918 influenza pandemic that caused the death of at least 50 million people (Centers for Disease Control and Prevention 2019). On the other hand, the same measures may have caused one of the most severe global economic recessions experienced since the Second World War (World Economic Forum 2022). It is estimated that in 2020, global labour income declined by 8.3 per cent (ILO 2021b), or 4.4 per cent of global gross domestic product (GDP), as opposed, for instance, to the 2007–09 global financial crisis, when it dropped cumulatively by 0.3 per cent.

At the time of writing this report, it remains difficult to assess the net combined impact of measures adopted globally – be it positive (in terms of protecting public health) or negative (in terms of economic consequences). The evolving nature of the virus, with its multiple mutations, and its long-term economic and social impacts is also complicating any predictions, even if signs of recovery are emerging in many parts of the world. For now, the pandemic is still unfolding its economic, social and increasingly financial consequences. By all accounts, it is exacerbating pre-existing socio-economic deficits, notably poverty and inequality among the most vulnerable segments of society (ILO 2021c).

European countries – the focus of this publication – have not been an exception to these trends.

Pragmatism in policy-making boosts participatory governance

The crisis has been unprecedented, and most governments were unprepared. Although Europe had some experience in dealing with earlier epidemics (such as the outbreak of influenza A “H1N1” in 2009), most governments were unprepared to face a pandemic.

This may help explain why, in dealing with the crisis, a certain pragmatism in governmental decision-making has been observed since early 2020. This was illustrated, on the one hand, by the crucial role played by ad hoc committees mainly composed of epidemiologists mandated to shape public policy on health measures. And, on the other hand, by the importance accorded by many governments – in varying degrees – to consultations with key stakeholders, when designing and implementing crisis responses.

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1 At the time of the writing, COVID-19 had officially caused the death of over 5.8 million people. See https://coronavirus.jhu.edu/map.html
2 Before taking into account income support measures.
Among other things, permanent or ad hoc mechanisms allowing for dialogue and cooperation between governments and nationwide organizations of employers and workers – broadly defined here as peak-level social dialogue (PLSD) – played a role especially in Europe (see box 1).

**Box 1. Peak-level social dialogue**

Various social dialogue mechanisms allow for consultation and cooperation between governments and nationwide organizations of employers and workers on issues of common concern. Such mechanisms aim to contribute to the “formulation and adoption of social, economic and labour policies, and be applied to any decision-making that affects the workplace or the interests of employers and workers” (ILO 2018a).

PLSD can be institutionalized, with a broad or thematic mandate and scope (such as specialized wage-setting bodies), or can be *ad hoc*, such as when social dialogue is needed to confront urgent economic and social challenges, including labour market liberalization and welfare-state reform (Baccaro and Galindo 2018).

Involving social partners in such consensus-driven governance is expected to lead to more informed policy, and to increased “ownership” of government policy and regulation by the parties concerned (key ingredients for successful labour administration systems) (Papadakis 2021). It is also expected to shape bipartite social dialogue, including collective bargaining (Papadakis and Cauqui forthcoming).

The COVID-19 pandemic has been an outstanding illustration of the need for peak-level social dialogue in all its forms: as a means to complement institutions of representative democracy, notably governmental and parliamentary processes of policy- and law-making, and as a means to improve the efficiency and legitimacy of these processes particularly during crisis periods.

From the outset of the pandemic, the ILO called upon governments and employers’ and workers’ organizations to work together to devise appropriate solutions to the challenges (ILO 2020a). Indeed, lessons from previous global crises have shown that governments alone cannot address challenges stemming from strong shocks (Papadakis and Ghellab 2014). For the ILO, social dialogue, based on respect for freedom of association and the effective recognition of the right to collective bargaining, has a crucial role in designing policies to promote social justice (ILO 2018a).

**Peak-level social dialogue and the crisis: overall trends**

The COVID-19 pandemic constituted a “federating theme” for many governments and social partners across the globe, as they were forced to safeguard both the health of the population and the proper functioning of the economy, including saving businesses and jobs. ILO research on the use of PLSD conducted in 2020 and 2021 at the peak of the pandemic shows the global effervescence of such dialogue. Much of it resulted in specific outcomes, such as bipartite and tripartite agreements, joint statements, codes of practice and similar documents (see box 2).
Box 2. Peak-level social dialogue shaping crisis-responses: a global overview

ILO research shows that between 1 February 2020 and 31 January 2021, 381 outcomes were reached through social dialogue between governments and national, peak-level or sectoral-level organizations of employers and workers, in 102 countries and territories (ILO 2021b).

Content-wise, early social dialogue responses aimed to ensure the survival and adjustment of workers, businesses and economies in the new reality. These outcomes contained measures on protecting employment and wages, notably during lockdowns (e.g. short-time work, protection of minimum incomes/wages), as well as measures on adapting workplace arrangements (such as shaping OSH protocols and the modalities for remote work/telework), and enabling workers and employers to return to their workplaces safely (ILO 2020b) and to “co-exist” with the virus.

Only a few countries used peak-level social dialogue to devise more forward-looking responses of a longer-term nature, mostly at the sectoral or cross-sectoral levels concerning policy areas identified in the ILO Centenary Declaration on the Future of Work (ILO 2019): protecting employment and wages, supporting and sustaining enterprises, extending social protection, adapting workplace arrangements (such as regulating the digital economy) and greening the economy.

Figure 1. Number of outcomes of social dialogue by region and type of measures

As shown in figure 1, between early 2020 and early 2021, countries that relied the most on social dialogue to devise crisis responses were those with strong traditions of social dialogue, notably in the Europe and Central Asia region – clearly the “front-runner” of PLSD compared to other regions (Papadakis, Mexi and Cauqui 2020; ILO 2021e). (To a certain extent, the innovative use of online or “virtual” social dialogue,
Understanding the nitty-gritty of PLSD during the COVID-19 crisis

It would be naïve to think that devising tailormade solutions for national economies, sectors, and businesses and workers, during this great health and socio-economic crisis, has been a smooth process – be it in Europe or elsewhere.

As recent research reveals, for instance, the inclusiveness and effectiveness of social dialogue across-Europe, and indeed its quality during the crisis, varied from country to country (Kyzlinková 2021). In fact, in a few European countries (not the focus of the present volume), the exceptional emergency circumstances created fertile ground to sideline social partners and social dialogue institutions, and to suspend collective bargaining (another victim of the pandemic in some parts of the world) (Papadakis and Cauqui forthcoming). Even in countries with deep-rooted traditions, not all the partners to PLSD were satisfied with the process or outcomes, particularly with regard to early emergency measures.

The present volume endeavours to study, in a more detailed way, the role and quality of PLSD in shaping crisis responses, and the lessons one may draw from it. It is based on a series of six national case studies representing different industrial relations cultures and geographical locations in the broader region of Europe and Central Asia. In particular, this volume consists of the study of four EU member states, namely Denmark, France, Greece and Lithuania, one EU candidate country, North Macedonia, and Russia. (See also Annex 1 – note on methodology.)

The country studies aim to shed light on how the pandemic impacted countries and the first government responses to the COVID-19 outbreak; the practice and agenda of PLSD since then and its main achievements; and any post-emergency opportunities and challenges the tripartite partners might have faced, including from a “future of work” perspective.

Such an exercise may provide an indication on the way social dialogue actors (governments, social partners) and institutions (labour laws, labour administrations, social dialogue bodies) are compelled to adjust their capacities, services provided and operations if they are to operate successfully in the post-COVID-19 era. The remainder of this introduction provides a snapshot of the country studies, as well as key findings and general lessons. Both findings and lessons reflect the authors’ views and do not constitute the ILO’s official position.

Overview of chapters and key findings

This volume brings together the contributions of specialists in the area of social dialogue and industrial relations, as well as several ILO senior social dialogue and governance specialists, including the authors of this introductory chapter. They come from both academic and policy-making backgrounds, such that this volume combines scholarly research with lessons learnt through experience.

After this introductory chapter, each chapter corresponds to a national study.

In Chapter 2, Christian Lyhne Ibsen explains how the number of tripartite agreements in Denmark doubled in just two years (between early 2020 and late 2021) thanks to a proactive stance by the government which immediately sought to rely on peak-level tripartism to shape measures protecting...
businesses, jobs and incomes. Ibsen explains that Denmark entered the COVID-19 era with a healthy economy and a deep-rooted social dialogue tradition. At the time of writing, Denmark has entered an economic recovery phase, as testified by some basic economic indicators.

**Figure 2. Denmark’s GDP growth and jobs landscape, 2019–2021**

Danish social partners in the pre-COVID-19 era were already playing a key role in terms of regulating the Danish labour market (through bipartite and tripartite agreements), with statutory (state-led) regulation being limited to only few themes (such as health and safety at work, leave of absence modalities). The crisis response agenda proved to be yet another opportunity for the country for expanding social partnership – the government purposefully seeking support from the social partners.

All tripartite social dialogue instances took place at the government’s initiative with the government (largely) setting their agenda and inviting social partners to participate. This stands in stark contrast with earlier tripartite dialogues where social partners used to take the initiative of launching social dialogue rounds and shaping their agenda. At the same time, as tripartite agreements were reached in record time (at times within a day such as the initial measures on “wage compensation”), some problems and tensions between the signatories emerged during the implementation phase. And while swift agreements were necessary during the emergency, some measures shaped through PLSD (such as on short-time work) led to the temporary superseding of provisions of valid collective bargaining agreements.

The author concludes that the pace and frequency of PLSD in Denmark will not be an automatic process and is likely to depend on political developments.

In Chapter 3, Héloïse Petit presents the French experience of PLSD during the pandemic, which obtained the characteristics of a revival of national tripartite social dialogue, after years of decentralizing social dialogue towards the enterprise level.
Indeed, the French government initiated a series of informal meetings (COVID-19 meetings) involving all national representative social partner organizations to manage the crisis. At the same time, it has revived the mechanism of “social conferences”, a tool that proved effective in previous crises, notably the 2008–09 financial and economic crisis, and which was put on hold afterwards. Six social conferences organized between March 2020 and July 2021 were used as a platform for consultation with social partners for discussion and planning of crisis-related packages, including a €100 billion recovery plan launched in September 2020.

According to Petit, while recognizing the usefulness of such initiatives and tools, some social partners have nonetheless regretted the limited space for real negotiations in such forums. One result of the revived tripartism was the introduction of a flexible legal tool aimed at operationalizing the dialogue outcomes through decentralized collective bargaining (Protocole national pour assurer la santé et la sécurité des salariés en entreprise face à l'épidémie de COVID-19). At the same time, the crisis and resulting PLSD dynamic have led to a revitalization of cross-sectoral negotiations with the conclusion of two important national level agreements in 2020 (on remuneration in the health sector and on telework), thus putting an end to a long period of less productive bargaining at this level.

During the same period, crisis measures, such as short-time work schemes subsidized by the state, created unprecedented space for negotiation at the sectoral and enterprise levels. As a result, by the end of 2020 some 53 branches (out of about 200) and over 10,000 companies had signed agreements implementing outcomes of peak-level cross-sector and sectoral dialogue. The crisis also saw the emergence of a progressive construction of an autonomous negotiation dynamic with three concrete initiatives undertaken by social partners around crisis-related issues, such as return to work and labour market transitions.

In Chapter 4, Valia Aranitou and Christos Goulas explain that Greece started from a “lower growth threshold” when compared to other European Union economies. Among all countries studied in this
volume, Greece emerges as the one with the most important economic impacts, not yet fully absorbed by signs of recovery in 2021.

**Figure 4. Greece's GDP growth and jobs landscape, 2019 –2021**

![Greece's GDP growth and jobs landscape, 2019 –2021](chart.png)

**Source:** Authors based on IMF and ILO databases, namely World Economic Outlook Database: October 2021 (imf.org), Working time - ILOSTAT. Working hours lost due to the COVID-19 crisis represent the percentage of hours lost compared to the latest pre-crisis quarter, i.e. the fourth quarter of 2019 (seasonally adjusted).

Similarly, the pandemic emerged within a framework of “institutionally atrophied and restricted social dialogue”, resulting from successive structural adjustment programmes undertaken by the country since 2010.

At the very early stages in 2020, the government consulted social partners through two virtual tripartite meetings. These meetings focused exclusively on exchanging and collecting information on OSH-related policies, leaving aside broader COVID-19-related socio-economic issues (such as multiple packages to support businesses and workers drawing on national and European funds). Subsequently, the government privileged *ad hoc* exchanges and bilateral interactions with each peak-level social partner, separately. The same trend continued when Greece started designing its national recovery plan, and more long-term policies and regulation, including an impressive reform of the labour law which also dealt with “future of work” items, such as digitization and greening the economy.

In this context the five peak-level social partners strived to shape Greece's recovery plan and labour regulation through various means, notably in the context of the Economic and Social Council (OKE). The OKE provided, among other things, an opportunity for social partners to shape Greece's national recovery plan. Specific social partners' suggestions did find their way to the final version of the plan, notably those on green and digital transformation and on improving vocational training.

Aranitou and Goulas argue that this indirect or “hybrid form of social dialogue” was certainly not optimal as the government prioritized “crisis management by sector” (notably, tourism, food service, retail and culture). By privileging *ad hoc* exchanges with sectoral or professional associations (not peak-level social
partners), the processes of shaping policies and regulation were prone to what the authors describe as risks of “clientelism”.

They conclude by recalling the importance of full-fledged tripartite PLSD; all representatives of social partners interviewed for the purposes of their study concurred that such dialogue would be crucial in the “the next stages of the National Recovery and Resilience Plan”. The establishment of a Permanent National Social Forum, mentioned already in a National General Collective Bargaining Agreement of 2018, would be particularly relevant in that respect.

In Chapter 5, Eglė Radišauskienė explains that, for Lithuania, the economic fallout from the pandemic was less severe compared to many EU countries (around 0.8 per cent GDP decline in 2020), while signs of economic recovery started appearing already in early 2021 (some 5 per cent of GDP growth).

![Figure 5. Lithuania’s GDP growth and jobs landscape, 2019–2021](image)

In presenting the Lithuanian experience of PLSD during the crisis, Radišauskienė argues that the country reproduced the overall trends already observed in the pre-pandemic period. In spite of noticeable progress achieved in the years preceding the pandemic, peak-level tripartite social dialogue (taking place in a national tripartite council as well as tripartite councils under local municipalities) was largely state-driven, with social partners playing mostly an advisory role. During the early stages (“first lockdown”), the voices of workers and their organizations in the private sector were hardly heard. A government-led working group mandated to coordinate emergency measures applicable to businesses (the “coordination group”) included mainly employers’ representatives. At a later stage (“second lockdown”), the newly appointed prime minister established an “advisory council” mandated to make proposals on COVID-19 matters which was, this time, composed of social partners’ representatives and government representatives, in addition to independent health experts. This (tripartite-plus) body served mostly as an information exchange body and focused on stopping the spread of the virus.

National and sectoral collective bargaining and agreements continued without interruption, with most focusing on wage-related matters in the public sector (among other things, sectoral negotiations in the public sector led to a wage increase for workers in the health sector). An increase in the minimum
wage and other basic salaries acted as an important stabilizing factor during the crisis, alongside other measures for combating income inequality. Having said that, trade unions argued that social dialogue operated under conditions of emergency and time pressure, which may have negatively affected both the quality of social dialogue and trust among parties.

In concluding, Radišauskienė stresses the need for making the best use of peak-level tripartism. This could be done by allowing it to become a space for consultations and negotiations (in addition to information exchange); strengthening the infrequent voices of some social partners; (further) expanding its agenda to embrace broader socio-economic matters (such as violence and harassment at work, poverty and income inequality, protection of the self-employed, strengthening vocational training, greening the economy); and promoting tripartite social dialogue at the municipality level.

Chapter 6 by Nikica Kusinikova focuses on North Macedonia, a country where the COVID-19 pandemic also caused significant socio-economic challenges, with GDP declining by 4.5 per cent in 2020, with important signs of recovery appearing in 2021 (+4 per cent GDP growth).

**Figure 6. North Macedonia’s GDP growth and jobs landscape, 2019–2021**

Kusinikova explains that because of the political landscape during the early days of the pandemic, the then caretaker government did not solicit inputs from the main PLSD mechanism – the tripartite Economic and Social Council (ESC) – when it decided on its first crisis responses. Social partners were also excluded from an ad hoc “economic council” established during this period that aimed to address immediate needs (in spite of the participation of many other stakeholders such as chambers of commerce, academia, economy experts, representatives of large companies).

Through proactive and joint efforts, however, social partners claimed and ultimately obtained a seat at the policy-making table. Among other things, they collected information from the field, prepared analyses and tabled proposals for measures, thus prompting the new government (that came to power in August 2020) to mobilize the ESC to help shape its responses to the crisis.
The ESC subsequently became one of the key mechanisms for policy dialogue. It held more sessions during the pandemic than pre-pandemic, often with high-level representation from the government. Many proposals discussed at the ESC ultimately shaped crisis measures adopted by government. Dialogue at the ESC led to agreements by consensus and joint conclusions on various issues, such as extending social protection to vulnerable groups; protecting health and safety of workers through the adaptation of working arrangements and safe return to work; refraining from derogations of minimum wages and collective agreements during the pandemic; and repeatedly extending the duration of employment retention measures. The ESC also discussed and agreed upon labour law reforms.

Kusinikova also stresses that, during the pandemic, employers’ organizations and trade unions increased their bilateral exchanges. Internally, they improved outreach and services to their members using new technology. Employers’ organizations produced guidelines to support their members and increase their membership. Trade unions provided e-advice to their members and placed at their disposal new online applications for workers, while intensifying collaboration with the labour inspectorate with regard to the enforcement of labour laws and COVID-19-related safety protocols. They also agreed to regulate, at a later stage, modalities for teleworking through collective bargaining.

The net outcome of the COVID-19 pandemic in relation to PLSD has been a shared understanding of its relevance, particularly through the ESC. The ESC’s visibility and influence during the pandemic also points to the improved role of PLSD in terms of monitoring the implementation of recovery measures and policy-making in areas like human capital, productivity and rural development, greening the economy and the environment, new economic development policies, and the digitization of the economy.

Lastly, Chapter 7, by Ilona Voitkovska, explores the Russian Federation’s experience of PLSD during the pandemic. The country witnessed a roughly 3 per cent drop in GDP in 2020 (compared to 2019), a drop which by 2021 had been absorbed by a + 4.6 per cent GDP growth.

**Figure 7. Russian Federation’s GDP growth and jobs landscape 2019–2021**

Source: Authors based on IMF and ILO databases, namely World Economic Outlook Database: October 2021 (imf.org), Working time - ILOSTAT. Working hours lost due to the COVID-19 crisis represent the percentage of hours lost compared to the latest pre-crisis quarter, i.e. the fourth quarter of 2019 (seasonally adjusted).
It took some time for social dialogue in Russia to adjust to the new reality of the pandemic. In early 2020, the government adopted the first crisis measures, such as lockdown measures and consequently special leave (paid by employers) for workers staying home, as well as financial incentives for employers to retain jobs and continue paying wages. An initial government reluctance to engage with social partners on COVID-19 issues gave way to government measures which were eventually considered by the National Tripartite Commission (established since 1992).

Social partners adopted a proactive stance and agreed on several joint documents (a declaration, recommendations on action) which were presented to the government, calling for more structured social dialogue. In parallel, they contributed to the national effort, such as collecting and disseminating COVID-19-related information. For the same purpose, the Russian Union of Industrialists and Entrepreneurs established a “coordination centre”, which included trade union participation, convened weekly and fed the government useful information. Furthermore, the National Tripartite Commission adopted a declaration calling for joint efforts at federal and regional levels to tackle the impacts of the crisis, including the modalities of remote work and mobility restrictions.

In early 2021, consultations between social partners and an ad hoc Emergency Response Centre led to the adoption of an Action Plan to attract foreign workers because of workforce shortages. In March 2021, the National Tripartite Commission signed a General Agreement for 2021–2023, with the overall objective of improving the welfare of the general population and extending social protection. The agreement (targeting formal workers) pledged a gradual increase of minimum wages, higher real wages, wage indexation, timely payment of wages (including for remote work), and protection of labour rights in the public sector. This agreement created space for dialogue and negotiations at lower levels, leading to the conclusion of bipartite sectoral agreements in specific regions as well as regional tripartite agreements. Importantly, after a series of tripartite discussions triggered by trade unions, new legislation was adopted to regulate remote work/telework.

Concluding remarks and possible scenarios on the evolution of peak-level social dialogue in the years ahead

Reflection on the role of PLSD in shaping crisis responses leads to a number of key conclusions, although they are not immune from overgeneralization concerning the six countries involved.

First, strong, pre-existing institutions and practices were instrumental for PLSD to respond in a timely and effective manner to the crisis. Indeed, as in past crises, there has been a strong correlation between the strength of the national industrial relations system and the scope of social dialogue outcomes (agreements or other joint texts). In Denmark, for instance, the number of tripartite agreements reached since the start of the pandemic almost equalled the number of agreements reached in the last 27 years. Inversely, where industrial relations systems were weaker, the social dialogue contribution was more modest, such as in Greece and the Russian Federation.

A second conclusion is that in countries with less deep-rooted social dialogue traditions, social dialogue and tripartite consultations either started late (e.g. North Macedonia, Russia) or took place through ad hoc mechanisms (e.g. Lithuania), which in some cases did not include social partners. In some cases (e.g. Greece), bilateral relations (between government and employers or government and trade unions) and unilateral social partners’ activism (such as providing memoranda on policies considered by government) constituted necessary (albeit suboptimal) substitutes to full-fledged tripartism, defined by some as a “hybrid form” of social dialogue (see chapter on Greece and below).

Third, PLSD structures displayed great diversity not only in terms of social dialogue practices per se (in line with differences in national legal and cultural traditions) but also in terms of the very understanding of what is “social dialogue”. Indeed, some sample countries displayed only bilateral interactions – either between government and employers or between government and workers – especially during the early stages of the crisis. These interactions facilitated information sharing, allowing the government to collect
requests and proposals from either workers’ or employers’ organizations. However, this practice cannot replace genuine bipartite social dialogue understood as dialogue between workers’ and employers’ organizations or their representatives. Having said that, such interactions progressively paved the way to genuine social dialogue (as in the case of Greece, Lithuania and Russia).

**Fourth**, “visible” outcomes of PLSD depended on the agenda of consultations or negotiations. In turn, topics (measures) that found their way more easily to the social dialogue agenda were those where the interests of employers, workers and governments were converging. This was especially the case on OSH measures, flexible employment arrangements (e.g. short-time work), ensuring job security and avoiding collective redundancies, and providing economic incentives to employers to protect business continuity (such as suspension of employer social security contributions). Regulating telework has been another recurrent “federating” theme, including in countries which did not resort to social dialogue immediately (as in Russia). Inversely, social dialogue proved to be a rather “ritualistic” exercise when measures were placed on the social dialogue agenda as a result of *ex officio* or constitutional obligation, such as social dialogue on national recovery plans (as in Greece).

**Fifth**, the focus of PLSD on protecting workers in “non-standard forms of employment” (such as part-time, temporary, agency and contract workers) has been once again minimal during this period. This confirms recent research and past experience which both show that vulnerable and hard-to-organize groups are not well represented in formal social dialogue institutions. This points *inter alia* to the need for improving the inclusiveness of social dialogue actors and institutions, as in other parts of the world (ILO 2021d), and for coping with freedom of association challenges that persist even on the European stage.

**Sixth**, in the presence of weak PLSD (often denoting weak political will on the part of government to engage in effective tripartite social dialogue), a proactive stance by social partners has proved crucial. Confronted with the risk of total economic collapse, and the threat this posed to business continuity and jobs, social partners took on the challenge, coordinated among themselves and reached out to government, with individual and joint proposals. At the same time, they engaged in bipartite social dialogue at various levels. Economic and Social Councils, which in some cases include representatives of “civil society” alongside social partners and produce “soft” outcomes (e.g. joint statements, opinions and so on), played a key role mostly in countries with febrile tripartite social dialogue mechanisms (as in Greece).

**Seventh**, as stated above, in countries where PLSD was in the driver’s seat when shaping crisis measures, this was the result of government initiative (with the latter setting the agenda and inviting social partners to participate, such as in France and in Denmark, and to some extent in North Macedonia). This is another confirmation of the importance of political will as a precondition for sound peak-level social dialogue. Political will also determines whether tripartism will be maintained in the next period, including in countries with deep-rooted traditions of industrial relations (as explained also in the chapter on Denmark).

Based on the above conclusions – and again at the risk of over-generalizing – one may reasonably anticipate two broad scenarios in terms of the evolution of PLSD in the post-emergency and (sooner or later) the post-COVID-19 era.

In a first scenario, PLSD among governments and national employers’ and workers’ organizations would multiply and improve, potentially leading to a resurgence of “social pacts” and other forms of tripartite
social dialogue outcomes (as in some European countries in the late-1990s). Its overall objective would be that of reconciling the objectives of economic growth, social cohesion and environmental sustainability in a world increasingly shaped by technological evolutions, including digitization and automation ("integrative bargaining").

In a second scenario the intensity of PLSD may dramatically decrease, even in these countries which used it extensively during the pandemic, with forms of dialogue aimed at more “redistributive” social dialogue, notably collective bargaining for (re)distributing wealth and regulating working conditions, taking precedence. Indeed, as the global economy enters into a recovery characterized by accelerated growth combined with inflationary pressures fuelled, among other things, by energy and commodity price increases, it is possible that PLSD might give way to other forms of social dialogue, including collective bargaining on wages.

Independently of the scenario (or a combination of it) that will ultimately prevail, most governments and their social partners need to be aware of the urgent need to care for the “losers” of major changes exposed or accelerated since the pandemic outbreak, notably those related to rising inequalities, the transition to the digital and green economies, and demographic developments. In this context, it is critical to jointly devise and implement solutions for a job-rich recovery taking into account “future of work” issues – also outlined in the ILO’s Global Call to Action for a Human-Centred Recovery (ILO 2021a). Finally, as recently highlighted in IMF research, addressing social discontent through social dialogue may also be necessary in case fiscal reforms become a policy priority to cope with (huge) increases in national budget deficits and sovereign debts (Hadzi-Vaskov, Pienknagura and Ricci 2021).

References


5 Along the lines of Baccaro and Galindo (2018).
6 Integrative bargaining implies a negotiation process in which both sides look for ways to “expand the pie” – that is to say, to develop solutions leading to benefits for both sides.
7 Distributive bargaining implies a negotiation process over the distribution of a fixed sum, where a gain for one side marks a corresponding loss for the other.
Overview and takeaways

____. 2020b. Social Dialogue on Occupational Safety and Health in the COVID-19 Context: Ensuring a safe return to work. ILO Brief, August.


Annex 1. Note on methodology

The six national reports or case studies in this volume were selected to illustrate how different countries have relied on peak-level social dialogue when shaping crisis responses.

Our six-country sample endeavours to represent a variety of industrial relations systems, from different parts of Europe and Central Asia. Among other things, it includes countries which traditionally rely on social dialogue both in normal times as in times of crisis, and countries which usually display a narrower propensity to social dialogue and participatory policy-making.

The studies were conducted by national experts in their expert/academic capacity between May and October/November 2021, based on terms of reference prepared by the ILO. In doing so, authors have addressed the following core questions:

- What has been the main economic impact of the crisis?
- What has been the role of peak-level social dialogue in addressing these impacts, including for promoting the resilience of the world of work and the recovery?
- Has peak-level social dialogue created “space” for further social dialogue at other levels (sectoral, enterprise, regional)?
- What does the experience of each country on the above tell us in terms of shaping the “post-emergency” social dialogue agenda, such as prospects for further social dialogue?

The studies were based on both desk and field research in order to capture in the most exhaustive possible manner the processes, contents and (sets of) measures adopted through peak-level/national social dialogue since the outbreak of the pandemic.

The empirical part of each study draws on primary sources, such as joint statements, joint proposals, agreements and other “visible” outcomes resulting from PLSD processes. The desk research is complemented with semi-structured interviews surveying the perception of selected social dialogue actors, notably relevant government/labour administration officials and national social partner organizations.

Through these case studies, it is hoped that constituents, practitioners and students of social dialogue and industrial relations, including beyond Europe, will have a better understanding of the diverse opportunities and challenges facing ILO constituents.

The selection and technical supervision of the national experts was ensured by the ILO’s Social Dialogue and Tripartism Unit (DIALOGUE) of the Governance and Tripartism Department jointly with the Bureaux of Employers’ and Workers’ Activities (ACT/EMP and ACTRAV respectively) of ILO Geneva. Social dialogue specialists from selected ILO field offices in the region of Europe and Central Asia, including the ILO Budapest and Moscow offices, also provided inputs. The Regional Office of Europe and Central Asia (RO EUROPE) coordinated this collective effort.

All analyses, findings and lessons described in this edited volume reflect the authors’ views and not those of the ILO.

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8 National and sectoral peak-level social dialogue (tripartite or bipartite), or in their absence, on dialogue at the highest administrative or sectoral level (for example, the federal level).
1

The case of Denmark

Christian Lyhne Ibsen
Introduction

This study reviews peak-level social dialogue during COVID-19 in Denmark. It is based on desk research of official documents and data, as well as studies of the Danish COVID-19 response. In addition, two background interviews with representatives of the confederations of employers (Dansk Arbejdsgiverforening – DA) and labour (Fagbevægelsens Hovedorganisation – FH) were used.

How COVID-19 affected the Danish economy

The Danish economy was in a healthy state before COVID-19 hit Europe in March 2020. Real GDP growth was steady at around 2–3 per cent per year in the four years leading up to 2020 (DST 2021) and the unemployment rate was below 4 per cent (see figure 1 below).

Figure 1. Unemployment rate: Men and women, 2007–2021 (January and July)

Source: Danmarks Statistik 2021.

Denmark reported its first COVID-19 case on 27 February 2020. Soon after, the government closed public institutions and schools, followed by national borders, cafés and restaurants, malls, and other businesses. Bans on events and assemblies began in mid-March. By 15 April 2020, daily cases began to decline from their peak, and the government gradually eased lockdown measures.
Figure 2 shows newly reported unemployed during 2020 compared to the average for 2015–2019. Clearly, 2020 was exceptional, especially in the first couple of months after the March lockdown. However, looking at the aggregate unemployment rates in figure 1, Denmark was able to mitigate the economic shock to employment.

Figure 3. Per cent increase in unemployment by industry (8 March to 21 June 2020)

The aggregate figures nonetheless hide important sectoral differences. Figure 3 shows the per cent increase in unemployment across industries from the onset of the pandemic until late June 2020. Unsurprisingly, transport, hotels and restaurants, trade, and manufacturing – major private-sector industries – saw large unemployment increases. In addition – just as in previous economic crises – the crisis affected young workers (figure 4) and non-standard workers most (Beskæftigelsesministeriet 2020; Larsen and Ilsøe 2020).\footnote{In Larsen and Ilsøe (2020) non-standard workers are defined as temporary workers, part-time workers and solo self-employed (p. 197).}

![Figure 4. Per cent increase in unemployment by age (8 March to 21 June 2020)](image)

Source: Beskæftigelsesministeriet 2020.

With the catastrophic economic effects of lockdown looming, the social democratic prime minister, Mette Frederiksen, quickly invited the peak confederations of employers (DA) and labour (FH) to negotiate tripartite agreements protecting both business and workers. The agreements (see more below) proved effective: unemployment declined to 4.4 per cent in December 2020, from its peak of 5.5 per cent in May (DST 2021a). Similarly, GDP rebounded in the third quarter of 2020 with 5.2 per cent (real GDP growth) after the largest slump of -7.1 per cent in the second quarter of 2020 (Danmarks Statistik 2021b).

### Peak-level social dialogue in Denmark

The Danish response to the economic effect of the lockdown followed a traditional macro-corporatist logic, including labour unions and employer associations in deliberations about how to solve economic and societal problems (Martin and Swank 2012; Mailand 2020). Social partners regulate the Danish labour market through collective agreements, whereas statutory regulation is limited to issues such as health and safety, holidays and specific rights for salaried workers. The collective bargaining coverage stands at 70–75 per cent in the private sector, and there is almost full coverage in the public sector. Trade union density is comparatively high but has slightly declined since the mid-1990s. 68.4 per cent of Danish employees were union members in 2019. 53 per cent of the employers (measured by share of employees) are members of an employers’ organization (2015). However, it should be kept in mind that most Danish companies are relatively small; the average Danish enterprise has four employees, and for many companies it makes little sense to be member of an employers’ organization. Many unorganized employers either are covered by an enterprise-level collective agreement or align with the sector-level collective agreement in their employment contracts.
The key bargaining area is the substantial part of the private labour market that is comprised by the organizations under the two largest central organizations, Danish Trade Unions Confederation (FH) and the Danish Employers’ Confederation (DA). The unions and employer associations of these two large organizations make sectoral agreements and prescribe national standards. They furthermore prescribe procedural and economic guidelines for local negotiations on pay and working conditions.

FH and DA are the main actors in tripartite negotiations and agreements with the Danish government. There is no formal body for tripartite negotiations as seen in other countries. However, the social partners sit in numerous committees and councils pertaining to labour market regulation, employment policies and educational policies. For example, social partners sit on the National Employment Council (NEC) which advises the Minister of Employment on labour market policies. Regionally, there are eight Regional Employment Councils (RAR) which coordinate the employment policy activities of municipalities, unemployment insurance funds, educational institutions and so on. These bodies normally do not negotiate policy but have important roles in advising on and implementing policies. For vocational education and training (VET), social partners set the content and standards for each VET programme through the trades councils (faglige udvalg). Moreover, they allow for a dense network of relationships between politicians, government officials and social partners facilitating common views on policy problems and solutions (Ibsen et al. 2021).

Two policy areas thus have particularly strong social partner involvement: unemployment insurance and vocational education and training due to the NEC and the trades councils (Mailand 2020). Unions are in charge of unemployment insurance funds, which stabilizes union density at a high level because workers will normally opt for dual-membership of both unemployment insurance and union membership. Moreover, this so-called Ghent system gives unions a particular stronghold in employment policy. Vocational education and training builds on a German-style dual-training system in which employers offer apprenticeships. So-called trades councils composed of the relevant employers’ associations and trade unions govern the content and standards of VET.

**Peak-level social dialogue to mitigate the COVID-19 crisis**

Thus, while tripartite social dialogue does not have a formal institution or body, it, nonetheless, has a strong track record of delivering important agreements on concrete challenges for the labour market and the economy in general. The first major peak-level tripartite agreement came in 1987 on wage moderation and private savings, paving the way for occupational pension schemes in collective agreement. Since then social partners made 17 agreements on various issues pertaining to the labour market and welfare state up until COVID-19 hit Denmark in March 2020. Since then, FH and DA made an impressive 19 tripartite agreements out of which 14 were about the COVID-19 pandemic (DA 2021; FH 2021). Most of these agreements contain specific measures to protect incomes and jobs during the pandemic (see list of all COVID-19 related tripartite agreements in table 1), and many are adjustments or extensions of the initial agreement on wage compensation (Lønkompensation).

The first agreement, the “Wage Compensation Scheme” (Lov om Lønkompensation), reimbursed wage costs to companies facing redundancies of at least 30 per cent of their workforce (or at least 50 employees) on the condition of employee retention. This agreement was followed by agreements on compensation for fixed costs to small to medium-sized companies and for lost revenue to self-employed and freelancers (Larsen and Ilsøe 2020). In total, over 30 political agreements – 14 of which were tripartite between social partners and the government – targeted different groups and industries with the explicit goal of keeping businesses and workers afloat. By May 2020, the cumulative costs for government of these agreements passed DKK 400 billion (US$65 billion) (FH 2020). However, both business associations and trade unions agreed that these costs were necessary to avoid an economic meltdown.
Table 1. Overview of COVID-19 Tripartite Agreements between DA, FH and government in Denmark, 2020–2021

<table>
<thead>
<tr>
<th>Date and topic of agreement</th>
<th>Content of agreement</th>
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| 14 March 2020 Temporary wage compensation | Target: Private sector companies with employees at risk of redundancies  
Measure: Government compensates wage costs for companies furloughing employees, instead of making them redundant  
Levels: 75 per cent of wage for salaried permanent workers (max. DKK 23,000/month); 90 per cent for hourly wage permanent workers (max. DKK 26,000/month) |
| 24 March 2020 Wage compensation for apprentices and trainees | Target: Companies with apprentices and trainees undergoing firm-based training  
Measure: Government compensates wage costs for companies that continue to train apprentices/trainees and do not send them home  
Levels: 90 per cent of wage |
| 30 March 2020 Increase in wage compensation | Levels: Max. wage compensation increased to DKK 30,000/month |
| 18 April 2020 Wage compensation extended | Wage compensation scheme of 14 March 2020 extended from 8 June 2020 to 8 July 2020 |
| 28 May 2020 Release of training funds | Target: Companies in financial hardship  
Measure: Release of training funds from AUB (Employers’ Educational Refund) to enable apprenticeships in companies experiencing financial hardship |
| 5 June 2020 Phase-out of wage compensation | Target: Companies in private sector  
Measure: Wage compensation scheme extended until 29 August 2020, after which the scheme will not be extended any further. Workers subsequently obliged to spend paid vacations during this period |
| 31 August 2020 Short-time work | Target: Companies in private sector with employees at risk of redundancies  
Measure: Law-based short-time work giving right to unemployment benefits during idle days and better access to education during idle days |
| 10 September 2020 Unemployment benefit (dagpenge) for parents with children sent home | Target: Parents  
Measure: Release of unemployment benefits for parents who have to take care of children who have been sent home from child-care/school due to COVID-19  
Level: Up to 10 days of benefits (dagpenge) |
| 7 November 2020 Specific wage compensation for Northern Jutland due to extraordinary COVID-19 surge | Target: Companies located in seven municipalities in Northern Jutland region; includes commuters  
Measure: Government compensates wage costs for companies furloughing employees, instead of making them redundant |
| 27 November 2020 Short-time work extended | Short-time work scheme of 31 August 2020 extended to include all of 2021 |
| 10 December 2020 Wage compensation | Wage compensation scheme in Northern Jutland extended to apply in all regions of Denmark |
| 14 January 2021 Wage compensation | Extension of wage compensation scheme; employees obligated to take vacation during period |
| 13 April 2021 Wage compensation | Wage compensation adjusted to protect jobs until re-opening of society |

Sources: DA.dk; FH.dk; Eurofound COVID-19 EU PolicyWatch.
It is important to note that tripartite agreements were not the only form of COVID-19 relief measure in Denmark. The Eurofound COVID-19 EU PolicyWatch has identified 40 measures to shore up the economy during COVID-19 (Eurofound 2021). The most typical measure were income protection schemes accounting for 8 out of the 40 measures. However, other measures targeted different types of businesses and these measures were not negotiated between DA and FH, but between the political parties in parliament.

Although extensive economic support during COVID-19 alleviated economic insecurity for most workers (Bennedsen et al. 2020), some groups, especially self-employed and freelancers, do not qualify for relief due to their income being too low to pass income requirements (Larsen, Ilsøe and Steffensen Bach 2020). Likewise, these groups report bureaucratic hurdles as an obstacle for getting help (Larsen et al. 2020), potentially creating increased economic insecurity for non-standard workers in Denmark. The government and parliament passed targeted schemes for these workers as it became evident that these workers often would not pass the employment and income eligibility requirements in the schemes, for example if past year’s income was too low or the individual did not have enough paid employment hours (Ilsøe and Larsen 2020).

Negotiating tripartite COVID-19 agreements

As it became clear that the government would lockdown Danish society in March 2020, social partners and the government moved fast to shore up companies, employment and incomes. The modus of negotiations was government initiative, i.e. government invited social partners and largely set the agenda in negotiations. This modus is different from other tripartite agreements where social partners have come with their own agendas. The COVID-19 modus was geared towards swift negotiations, and agenda-control was therefore deemed necessary. On the flipside, social partners had little to negotiate over and “expanding the pie” as seen in integrative bargaining (Walton and McKersie 1965). Nonetheless, it was clear that the government saw a great benefit in using tripartism as a way to solve policy problems quickly. By harnessing social partner support, it would be very hard for other political parties, not least the opposition, to vote against the agreements (Mailand 2020).

The government quickly invited social partners to the table, and the first agreement on wage compensation was negotiated in a single day between the government, DA and FH and their key members in the private sector. On the employer side, the directorship composed of DI, Dansk Erhverv, Tekniq and Grakom primarily sat in negotiations. On the trade union side, 3F, Dansk Metal and HK primarily sat in negotiations. The negotiations were swift and marked by an immediate concern for producing an agreement that would not only reassure employers and workers but also the public in general. It was crucial to show “social responsibility” and avoid any stalemate in negotiations. Producing an agreement was – by itself – a goal.

The agreement introduced a novelty in Danish labour market policies – wage compensation – but it followed a well-known logic of ensuring that the interests of both employers and workers were served. For DA and its member associations, the key interest was to ensure that companies survived financially as total aggregate demand in the economy collapsed. Thus, cost savings were crucial for DA. For FH and its member trade unions, the key interest was to protect jobs and incomes of workers. Wage compensation seemed to fulfil both parties’ interests. First, compensation would alleviate companies of the costs of paying workers during the economic slump. Hereby, companies would not have to close down and workers would have jobs to which to return. Second, compensation was tied to the obligation of keeping workers on the books, i.e. workers would be able to return to their normal job once the company rebounded. Third, workers would keep their normal wage
income. Fourth, the government would foot the bill of the scheme, but there would be a cap on compensation.

Evidently, the fourth point was key for social partners – especially employers – agreeing to the scheme. The approach of the Danish government resembled a “whatever it takes” approach to keep the economy afloat. This made negotiations easier since a key conflict over distribution of costs was taken off the table. Subsequent analysis has shown that it made good macro-economic sense to pour government money into the economy (Finansministeriet 2021) (see below).

Nonetheless, perhaps because the first agreement was negotiated so quickly, problems with and conflicts over the wage compensation scheme arose during the first half of the pandemic. The first conflict regarded the compensation level. Employers – while wary of being perceived as greedy during the pandemic – thought the cap on compensation was too low. In addition, since workers were ensured “full wage” during furlough, the cap meant that employers would have to pay the difference between the cap and the full wage. Already on 30 March 2020, the government and social partners made a new tripartite agreement which raised the cap to DKK 30,000/month. For trade unions, this change was acceptable, if not positive. After all, if companies were unable to hold on to workers with the lower cap, the wage compensation would be less protective of union members’ jobs.

Another pressing issue was how to secure apprentices in companies. Social partners are, as noted, heavily involved in providing and governing vocational education and training. There was a shared concern that apprentices would suffer from the crisis, not just in the short but also long term if companies would have to default on apprenticeships. The 24 March agreement introduced wage compensation to apprentices. The government agreed to pay up to 90 per cent of apprenticeship wages to retain apprentices in companies that were about to make either at least 30 per cent of employees or at least 50 employees redundant. This agreement was followed by the 28 May agreement, which released unused funds in AUB (Employers’ Educational Refund) to retain and improve the offer of apprenticeships during COVID-19. The release of funds increased the apprenticeship wage subsidy to 75 per cent for ongoing apprenticeships, whereas new apprenticeships would receive a subsidy of 90 per cent. At the same time, employer contributions to AUB were reduced in 2020. The agreement should be seen in the context of the declining number of apprenticeships in Denmark (Carstensen and Ibsen 2019) and various bonus schemes for employers that take on many apprentices relative to company size.

The final major issue handled in tripartite negotiations was the short-time work scheme agreement of 31 August 2020. As COVID-19 cases had dropped significantly during the summer of 2020, the idea was to replace the wage compensation scheme with a more well-known short-time work scheme. Danish collective agreements for hourly workers contain provisions for short-time work whereby companies can send workers home without pay when there is not enough work. Workers retain their employment but receive unemployment benefits during the time spent at home. Employers and trade unions have to agree at the enterprise level on short-time work and the scheme runs for a maximum of 13 weeks. It is possible to apply for an extension. The new tripartite agreement on short-time work built on the existing schemes in collective agreements but extended them in a number of ways. First, the maximum unemployment benefit level was increased by around 20 per cent. Second, the extent of time home was made more flexible, allowing for up to 80 per cent of normal working time to be spent at home (on the condition of agreement between employers and trade unions).

The agreement on short-time work posed some difficulties for social partners. First, it temporarily superseded provisions in collective agreements and applied to all workers, regardless of collective bargaining coverage. Moreover, it extended a scheme for hourly workers to salaried workers who by law have normally longer notice periods than hourly workers. Trade unions organizing salaried workers were therefore concerned that the new short-time work scheme might make their members
worse off. However, in the end, they accepted the agreement. Third, it extended short-time work to workers who were not members of unemployment insurance funds (arbejdsskadeforsikring-arbejdsløshedskasse). Unions agreed that uninsured workers could extraordinarily enter the scheme – however, only if they paid three months membership of unemployment insurance funds for each month of the short-time work spell to receive unemployment benefits. This implied that previously uninsured had to pay triple the normal rate per month for each month they were in short-time work. This rule was to ensure a positive incentive to become a member of the union-administered unemployment insurance fund.

As COVID-19 infection rates began to increase in the autumn of 2020, it became clear to the government and social partners that the new short-time work scheme could not replace wage compensation and the two schemes existed side-by-side during the remainder of 2020 and into 2021. The social partners of government also negotiated a specific wage compensation scheme for seven municipalities in the Northern Jutland region due to a surge in COVID-19 infection cases that required extraordinary lockdown measures. Unique to this agreement was a measure to compensate cross-municipal commuters whose workplaces were affected by the extraordinary lockdown measures in these municipalities. After infection cases began to drop again, the government and social partners temporarily extended wage compensation in subsequent agreements. In April 2021, they agreed to terminate the scheme on 30 June 2021 when the economy began reopening. However, the parties agreed to extend the short-time work scheme to all of 2021 in a November 2020 agreement. The negotiations over extensions were comparatively unproblematic and guided by forecasts from health authorities regarding how vaccinations would allow for a reopening of the economy and how reopening would affect the economy.

Implementing agreements

Social partners have a longstanding institutionalized role in implementing employment and educational policies. This role relates to the unemployment insurance funds, which are administered by trade unions, and to employers’ provision, funding and bipartite governance of vocational education and training. Accordingly, social partners were heavily involved in implementing and monitoring the agreements, not least making sure that the agreements worked as intended.

On a practical level, however, wage compensation was administered through the Danish Business Authority (Erhvervsstyrelsen – DBA) which registers and stores data on all companies and workplaces in Denmark. Registration of data is done through the state’s central business register (Centrale Virksomhedsregister) which links to personal citizen numbers (CPR) of all employees. Hereby, the DBA keeps very detailed records of each company and their employees. This rather comprehensive digital registration system ensured that the DBA could collect applications for wage compensation and relatively quickly check whether applications were legitimate and lived up to the criteria in the scheme (see above). In turn, this meant that companies in Denmark rather quickly began to receive wage compensation as the economic effects of the lockdown began.

In the latest update of wage compensation (4 October 2021), 99,697 applications had been approved by DBA totalling DKK 19.25 billion (Erhvervsstyrelsen 2021). In table 2 below, the distribution of wage compensation by industry is shown. Large sectors like commerce (retail/wholesale), IT/media, hospitality and culture/leisure received large shares of total compensation due to the direct effect of shutting down due to lockdown. In contrast, other large private sectors like manufacturing and construction needed less compensation and weathered the crisis relatively well. The public sector was also relatively unaffected.
### Table 2. Wage compensation uptake by industry, 2021

<table>
<thead>
<tr>
<th>Industry</th>
<th>Compensated companies</th>
<th>Compensated jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce (retail/wholesale)</td>
<td>5,621</td>
<td>46,045</td>
</tr>
<tr>
<td>IT and media</td>
<td>4,656</td>
<td>37,782</td>
</tr>
<tr>
<td>Hospitality</td>
<td>4,196</td>
<td>35,860</td>
</tr>
<tr>
<td>Culture and leisure</td>
<td>1,020</td>
<td>13,891</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>515</td>
<td>3,395</td>
</tr>
<tr>
<td>Travel agencies, cleaning and other operational services</td>
<td>652</td>
<td>3,698</td>
</tr>
<tr>
<td>Education</td>
<td>353</td>
<td>2,209</td>
</tr>
<tr>
<td>Transport</td>
<td>460</td>
<td>1,922</td>
</tr>
<tr>
<td>Real estate and rentals</td>
<td>153</td>
<td>1,205</td>
</tr>
<tr>
<td>Construction</td>
<td>313</td>
<td>987</td>
</tr>
<tr>
<td>Healthcare</td>
<td>251</td>
<td>846</td>
</tr>
<tr>
<td>Social institutions</td>
<td>40</td>
<td>288</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>70</td>
<td>232</td>
</tr>
<tr>
<td>Water supply and renovation</td>
<td>10</td>
<td>37</td>
</tr>
<tr>
<td>Raw material extraction</td>
<td>1</td>
<td>19</td>
</tr>
<tr>
<td>Utilities</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Erhvervsstyrelsen 2021.

Whereas payment of the wage compensation scheme was relatively smooth due to the digital application system and comprehensive company registries, the short-time work scheme was less successful. As noted, collective agreements normally regulate short-time work schemes and local agreements between management and union shop stewards are required to enter short-time work. This created confusion because the new short-time work scheme did not replace but supplemented the schemes based on collective agreements. Employers could unilaterally apply the scheme but had to inform and consult their employees. As noted above, the extension to workers normally not covered by a collectively agreed short-time scheme created confusion.

Did the scheme apply or not? In some sectors like hospitality, which had used wage compensation extensively, the short-time work scheme was barely used due to the problems of setting up the scheme with employees and thus with the authorities. In the end, the short-time work scheme did not replace wage compensation, and as COVID-19 cases started to increase again during the autumn/winter of 2020, wage compensation was reintroduced as the main support mechanism.

As evidenced in the multiple agreements, social partners and the government were quick to adapt and extend schemes based on the fast-moving pandemic. For example, lockdown measures were implemented locally based on case surges in certain areas, and this would bring DA, FH (with their respective member organizations) and the government to the bargaining table to settle on specific deals to support local businesses and workers. As noted, this happened in November 2020 for
Northern Jutland. Similarly, parents caring for children sent home from school due to COVID-19 and unable to work also received extraordinary unemployment benefits because of a tripartite agreement. The tripartite, continuous adaptation of agreements based on experiences with the different support schemes was a key factor in getting the Danish economy quickly out of the crisis.

A final advantage of the tripartite agreements was that relief and support schemes overall respected prevailing collective agreements and conditions of work and employment. Agreements therefore were carefully calibrated to ensure that workers would be able to return to the same job with the same terms and conditions as before the crisis. Evidently, some workers – especially in hard-hit sectors like hospitality – have seen wage levels drop, but the general picture across the Danish labour market is one of stability in jobs and incomes throughout the crisis.

**Concluding observations: challenges, opportunities and the day after**

The Danish government officially declared the end of COVID-19 as a “societal threat” on 10 September 2021. It hereby ended almost all of the COVID-19 restrictions to social and economic life. With this end, the need for tripartite negotiations on COVID-19 relief packages and schemes also faded. The pandemic spurred an impressive line of tripartite agreements – 14 on COVID-19 and these agreements were – together with other relief packages for businesses – highly instrumental in avoiding a massive economic meltdown and redundancies (Bennedsen et al. 2020).

The momentum of tripartite negotiations seems to continue. Since the most recent COVID-19-related agreement in April 2021, social partners have made two additional agreements. The first on parental leave from September 2021 is an implementation of the provisions in the EU directive on leave. The second agreement from 6 October 2021 is on increasing labour supply. Clearly, the current political climate and constructive bargaining relationship between social partners is conducive to peak-level tripartism.

However, research has shown that tripartism and peak-level dialogue is more a strategy than an endemic feature of the Danish labour market model (Mailand 2020). Thus, strategic choices will decide if PLSD will continue at its current pace or return to less frequent deals. What the COVID-19 crisis has shown us is that Danish social partners are entirely capable of making deals when needed.

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The case of France

Héloïse Petit
Introduction

The COVID-19 crisis was both extraordinarily quick and intense and called for emergency measures. The government needed to simultaneously react to an unexpected shock and set the stage for recovery. We will here investigate the way in which social partners were or were not involved in these decisions. Our analysis is based on official publications and academic research combined with interviews with social dialogue actors and experts. In this introduction we will first describe the pre-crisis situation of the French economy and industrial relations. Second, we will present the economic impact of the crisis and the government’s immediate response.

Before the crisis

Short review of the socio-economic situation of the country

In France, the COVID-19 crisis hit during an improving social and economic outlook, despite a persistent level of high unemployment. Indeed, 359,000 jobs were created in 2019, after 225,000 in 2018 (for a total level of employment of 28.5 million at the end of 2019). These dynamic job creations were related to reasonable economic growth (1.8 per cent GDP growth in 2019, exceeding the Euro area average of 1.3 per cent), and enabled a decrease in the unemployment rate (on average 8.4 per cent in 2019, which was 2 percentage points lower than in 2015, but higher than its lowest level, at 7.4 per cent, in 2008) despite a long-term tendency of a growing activity rate of workers in the 50 to 64 age group (from 55.6 per cent in 2008 to 66.9 per cent in 2019).

Even though the trend was positive, some specific problems were remaining: unemployment was still high for low-skilled (15.5 per cent for individuals with no diploma or professional certificate) and young persons (19.6 per cent); wages and purchasing power were stagnating for those workers with lower levels of qualification (around the minimum wage). This resulted in some social movements like the “yellow vests” which started in autumn 2018. The end of 2019 and beginning of 2020 were also characterized by important strikes and demonstrations against a pension reform project, which planned to take into account the whole career for pension calculations as well as to reinforce incentives to work longer.

Short review of social dialogue institutions

The French industrial relations system actively combines three levels of collective bargaining. Historically, sector/branch-level bargaining came first and still has a pivotal role. First, this central role is notably due to the extensive use of legally binding erga omnes clauses which extend the terms set in a collective agreement to all workers, not only to the members of signatories’ unions (see OECD 2017 for a detailed and comparative analysis of such mechanisms). Second, after the Second World War, the building of the welfare state set the basis for a crucial role for national social dialogue. Third, since the 1980s firm-level bargaining has an increasing role in a move towards “decentralization” common to other European countries.

Over the two last decades two major lines of reform fuelled the decentralization process: one concerns the articulation between different bargaining levels and the opportunities given to derogations, and the other concerns employee representation at the firm level. Historically, the multi-level bargaining system was ruled by a hierarchy between the different levels (giving precedence...
to higher-level agreements) and a “favourability” rule (which implied that a lower-ranking rule can only take precedence over a higher-ranking rule if it is more beneficial to the employee). Since the Lois Auroux (reform of the labour code) of 1982 several exceptions (enabling derogation to the rule given certain conditions) were voted into law, but the most significant changes were introduced in the Labour Act in 2016 and finally settled through the ordinances of September 2017. Now, the general rule is based on suppletive law: firm-level agreements prevail, except for a list of 13 themes for which sectoral agreements still prevail, and the exception may be extended to another set of four themes if and only if a sectoral agreement specifies so.

Another crucial reform included in the September 2017 ordinances has to do with employee representation. The French system of employee representation at the workplace is dual: it includes union delegates and elected representatives. A union delegate is an employee (among those working in the company) who is appointed by their local union branch. They are in charge of collective bargaining. Elected representatives, on the other hand, participate in the information and consultation process. In practice, elected representatives may be union members, and union delegates are often elected representatives at the same time. The ordinances catalysed a major change to create a “social and economic committee” (Comité Social et Economique, CSE) which merged several elected enterprise-level bodies into one. The new CSE had to be set up in every company (with 11 employees or more) before January 2020, and its implementation tends to reduce the number of representatives at the workplace (ORSEU 2019), effectively putting enterprise-level social dialogue under pressure (Erhel 2020).

In parallel to these changes in the legal framework, actual practices also changed. In line with the focus on lower levels of negotiations promoted by the government and the main employer organization (MEDEF), inter-sectoral bargaining has tended to weaken since 2017. Despite a relatively stable activity of 30 to 60 inter-sectoral agreements a year since 2000s, the number of agreements fell dramatically since 2017 to around ten a year. Another key fact is the failure of the negotiation of unemployment insurance reform (in which no significant agreement was reached in 2019).

Branch-level negotiations did resist the decentralization process (with approximately 1,000 texts per year since the beginning of the 2000s), while firm-level collective bargaining intensified: the number of agreements went from 50,000 agreements per year in the mid-2000s to 60,000 in 2017 and more than 80,000 in 2019. The sharp increase in the last years must be linked to the 2017 reform and, for instance, the obligation to have an agreement to implement the reform of representative bodies. Moreover, the more frequent firm-level agreements may reflect an intensification of legal obligation rather than effective social dialogue, and they are the consequence of more frequent negotiations in some firms rather than more firms actually negotiating (Mias 2017).

Short review of the culture of French social dialogue

Overall, the French system of industrial relations succeeded in achieving high coverage rates for workers and achieving important social progress together with a good level of social protection (Courtioux and Erhel 2018). Yet it has been developed on the basis of employment relations that are historically rather conflictual. This is still visible (Bethoux and Laroche 2021). For instance, two important strike movements took place in 2018: one concerning working conditions in the health sector and the other the reform of public transport (Higounenc 2021). We could also cite major

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4 It replaces three different bodies: personnel delegates (Délégués du personnels) in charge of the grievance process; works councils (Comité d’entreprise) in charge of information and consultation processes; and the health, safety and improvement of working conditions committee (Comité d’hygiène, de sécurité et des conditions de travail) in charge of the health and safety process.


6 This point will be developed in section 2.
protests against pension reform in 2019. Yet, the total number of strike days and the share of firms concerned (approximately 1 per cent) has stayed relatively stable since the mid-2000s (with the exception of 2010).

This conflictual context is often cited as a reason for the crucial role of the state acting as a referee in French industrial relations. The state actually plays different roles in social relations: it intervenes mostly through the implementation of incentives or obligations to negotiate but also sometimes directly takes part in or supports negotiations (mostly at the national level and also occasionally at the sector level).

Brief description of the immediate socio-economic impacts of COVID-19 in France

With a -7.9 per cent fall in GDP from 2019 to 2020, France was among the most severely hit countries in Europe (with -6.5 per cent in the Euro area and -6.1 per cent in the European Union). More precisely, GDP dropped by 5.9 per cent during the first quarter of 2020 and 13.2 per cent during the second quarter. Then activity progressively recovered from the end of the first lockdown (in May 2020), leading to 18.5 per cent GDP growth during the third quarter. GDP growth went negative again with the second lockdown (-1.5 per cent for the fourth quarter of 2020) and is nearly stable since then (-0.1 per cent for 2021’s first quarter). Expectations are that the relief of lockdown measures should enable an intense GDP growth by the end of 2021. Overall, the European Commission forecasts a 6 per cent growth for France in 2021 (higher than the 4.8 per cent growth expected at the EU or Euro area level).

The fall in GDP during the two first quarters of 2020 was associated with a rapid fall in employment (by the end of the second quarter of 2020, employment had fallen by 2.7 per cent compared to the last quarter of 2019). Following the ups and downs of GDP during the two last quarters (with +1.7 per cent for Q3 and -0.1 per cent for Q4), total employment fell by 1.3 per cent in 2020 relative to 2019 (which corresponds to a loss of 328,000 jobs).

The crisis actually affected sectors quite differently, both in terms of GDP and employment growth. It mostly impacted market services in the private sector, especially “accommodation and food service activities” (in which employment fell by 6.7 per cent), “professional, scientific and technical activities” (-4.8 per cent) and “other service activities” (-3.7 per cent), among which “arts, entertainment and recreation” was particularly affected (-8.5 per cent). Even if they are a relatively small industry, we must also note that temporary employment placement agencies represent a consequent share of total job losses given a fall of 21 per cent of their total employment. In comparison, manufacturing was little impacted (with the exception of “manufacture of motor vehicles” with -3.2 per cent).

At first, unemployment did not rise and the unemployment rate measured by the Labour Force Survey even decreased during the first lockdown period, as many unemployed were not able to look actively for a job: at the end of the second quarter, the unemployment rate was 7.1 per cent (1.3 percentage points below its level of June 2019). Yet it rose sharply when GDP grew again (attaining 9.1 by the end of the third quarter) but went down again with the second lockdown (to 8 per cent in Q4 2020) and is rather stable since then (8.1 per cent by the end of Q1 2021). Overall unemployment fell by 0.4 per cent (from 2019 to 2020), showing the role taken by activity rates’ cyclical adjustments: during the first lockdown the activity rate fell by 2.3 points (during Q2 2020) and continued to adjust to lockdown measures in such a way that, on a yearly basis, it fell by 0.2 points. These temporary

7 This is part of social dialogue, as pension funds are jointly governed by worker and employer organizations.
10 In this paragraph and the next one, statistics for employment dynamics are calculated by the author based on INSEE data available here: https://www.insee.fr/fr/statistiques/fichier/5230337/IR_ETE_T42020.xls
adjustments are expected to rapidly fade away and expectations are that unemployment will rise again as activity picks up and the European Commission forecasts a 9.1 per cent unemployment rate in 2021.

Adjustment to the GDP shock also induced a temporary fall in number of hours worked (average working time fell from 31.4 hours per week in Q4 2019 to 25.6 in Q2 2020). Yet it rapidly came back close to its original value (31 hours per week in Q1 2021).

If we compare the 7.9 per cent fall in GDP to the 1.3 per cent fall in employment (and even 0.4 per cent fall in the unemployment rate), we can see a large part of the labour market shock was absorbed by labour market and social policies, which reacted very rapidly, in addition to existing protections through unemployment insurance, health insurance or social benefits.

Brief description of first government responses/strategies

The first government responses to the crisis concerned health issues. While the first COVID-19 cases were confirmed in France by the end of January 2020, one month later the first restrictions started to be put in place (e.g. a ban on assemblies of more than 5,000 persons). Soon after, on 17 March a complete lockdown of the population was decided and it lasted nearly three months (until 8 May). The removal of restrictions was progressive and lasted until the end of June. In the autumn, with the resumption of the epidemic, a second lockdown (with slightly lighter measures, notably keeping schools open) was implemented from 30 October. Starting a month later, the lifting of restrictions was again progressive and geographically differentiated. A curfew was maintained and even reinforced in January in places (starting at 6 pm rather than 8 pm). From February, a third period of lockdowns was initiated but only on a local basis and for the weekends (concerning 16 départements out of 101, including Ile-de-France). A lighter version of lockdown (combining a curfew and mobility limited to a perimeter of 10 km) was applied to the whole country by the end of March and lasted until the beginning of June. Restrictive measures were fully lifted since the beginning of July 2021. Over the whole period, there were constant restrictions on international mobility, with rules differing according to countries and time. Wearing a mask in public places also has been a constant rule, the scope of which varied over the period.

Regarding the economy, the government rapidly launched a set of specific measures aiming at avoiding lay-offs (through the use of short-time work) and sustaining firms’ financial situation (for example, implementing specific support that could benefit firms with no employees) and households’ income (through reforms to social protection, and especially the unemployment insurance regime; also by implementing specific support for those not covered by social protection and social policies).

Short-time work has been the most emblematic measure and a major component of the policy response to the labour market consequences of the COVID-19 crisis in France. At its highest, the share of private sector employees affected by partial activity (in full-time equivalent) reached 29 per cent in April 202011 (Comité de suivi et d’évaluation des mesures de soutien financier aux entreprises confrontées à l’épidémie de COVID-19 2021, a volume that it had never approached before. The device is based on an existing policy tool (called activité partielle, “part-time activity”) and was extended rapidly to sectors and workers who were not covered before, as well as being made more generous. The basic idea is to give firms facing temporary difficulties the possibility to reduce employees’ working time or to suspend their activity, while maintaining their labour contracts. Employees receive a compensation

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11 See: https://www.strategie.gouv.fr/publications/comite-de-suivi-devaluation-mesures-de-soutien-financier-aux-entreprises-confrontees, the Progress report of the monitoring and evaluation committee on financial support measures for companies facing the COVID-19 epidemic, July 2021
for unworked hours, which is financed by the employer and by a public subsidy (see box 3 for details and further changes to the scheme).

Besides short-time work, the government also rapidly modified the rules governing working hours and the use of paid rest days and holidays to make them an adjustment variable to cope with the crisis (March 2020 ordinances).12

Other measures aimed at sustaining firms’ finances13 have various forms such as delayed payment deadlines for social security and/or tax liabilities, tax remission, state-guaranteed loans and specific support from solidarity funds. These measures are focused on small firms, and especially the self-employed and those activities most hit by the lockdown.

Measures aiming at sustaining household income mainly relied on the social protection system and especially the unemployment insurance regime. In this field, the COVID-19 crisis first led the government to suspend the application of new unemployment compensation rules decided in 2019 (the government later decided to actually implement the reform in 2021, raising critics from social partners, see section 2). Indeed, this new agreement adopts more restrictive rules to calculate unemployment benefits. In addition, to avoid the end of unemployment insurance for those unemployed who cannot find a job in the context of the crisis, the government extended the right to unemployment insurance by three months during the lockdowns.14 In the case of cultural workers, who were strongly hit by the restrictions and who benefit from specific unemployment insurance rules based on their working hours over a year (intermittents), the government introduced a lost year (année blanche) in the calculation of entitlement rights:15 a cultural worker cannot lose their status until September 2021; moreover, the level of their benefit will not be revised during that period. This lost year has further been extended to December 2021. Specific temporary allowances were granted to certain groups who appeared to be very vulnerable in the context of the crisis (minimum income recipients, vulnerable workers, students and young persons). For instance, in 2020, minimum income recipients received €150 per household plus €100 per child in lockdown periods.

To take into account medium-term objectives for the post-COVID-19 crisis period, the government announced a specific plan to sustain youth employment and labour market integration in July 2020.16 It launched a wider Recovery Plan of €100 billion in September, including three main goals: speeding up the greening of the economy and sustaining ecological transition, developing skills and improving social cohesion, boosting France’s competitiveness and economic resilience (see section 3).

PeaK-level social dialogue – emergencies and adjustments

French social dialogue was reshaped by the COVID-19 crisis in two different ways: first, from the very start of the crisis, the government launched a series of regular crisis meetings with social partners, and second, soon after the first lockdown, social dialogue at the national level took on a new urgency. We will describe both steps one after the other.

These next two sections are based on two types of sources: reading of official publications and academic research, and interviews with social partners and government representatives conducted

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12 See Ministère du Travail (2021) for a detailed presentation of all changes that were made to labour law in response to the crisis.
13 See: https://www.economie.gouv.fr/covid19-soutien-entreprises/les-mesures#
for this project (see box 1 for a brief presentation of social partners in France). Interviews were conducted in July and August 2021 with national representatives of three trade unions (CFDT, CGT and FO), two employer organisations (CPME and MEDEF), two government counsellors from administration (the Ministry of Labour) and two experts (a sociologist in industrial relations and an economist taking part in the post crisis social agenda). Social partners’ points of view are also drafted based on their positions as expressed in the annual report on collective bargaining (Ministère du Travail 2012–2021) and press releases.

Box 1. Social partners in France

In France in 2021, there are eight representative social partners at the national level: five trade unions (CFDT, CGT, FO, CFE-CGC, CFTC) and three employers’ organizations (CPME, MEDEF, U2P).

Crucial reforms of social partners’ representativeness have been recently implemented (see Gazier and Petit 2019, for a synthetic presentation) in order to better ground their legitimacy.

Since 2008, trade unions must achieve at least 10 per cent of votes at the company level and 8 per cent of votes at the sectoral or national multi-sectoral level (in elections of worker representatives) to be considered as representative. The electorate concerns private sector workers covered by a collective agreement. At most, elections are organized every four years so that the central labour public administration (Direction Générale du Travail, DGT) can assess representativeness periodically (in 2013, 2017 and 2021).

Until now, the same five organizations were repeatedly confirmed as representatives. Most recent results (2021) are the following: CFDT: 26.8 per cent; CGT: 23 per cent; CGT-FO: 15.2 per cent; CFE-CGC: 11.9 per cent; CFTC: 9.5 per cent.

On the employers’ side, an Act of 2014 introduced a rule (which became effective in 2017) for measuring representativeness using membership data: a federation is considered as representative if its membership covers at least 8 per cent of the total memberships (be it in terms of firms or workers).

In 2021 (and since 2017), three organizations are declared representatives by the labour public administration (DGT): MEDEF: 22 per cent of firm memberships (66.3 per cent of workers); CPME: 42.4 per cent of firm memberships (28.6 per cent of workers); U2P: 35.5 per cent of firm memberships (5 per cent of workers).

Managing the crisis through regular meetings

While the first official COVID-19 cases were detected by the end of January 2020 and before the first restrictive measures were put in place (the prohibition of assemblies of more than 5,000 people in closed environments starting on 29 February), the government initiated the first of a long series of “COVID-19 meetings” with social partners on 28 February 2020. These informal meetings appeared to be the cornerstone of PLSD during the crisis, a key structure to face the multiplicity and novelty of problems that emerged through the COVID-19 crisis, notably due to sanitary measures.

These meetings varied in scope and timing. They systematically involved delegates of the eight social partners that are representative at the national level (the five unions and the three employer federations) and representatives from the Ministry of Labour. They occasionally also included the President, the Prime Minister or the Minister for Economic Affairs. These meetings are held on an ongoing basis (they started in February 2020 and are still going on at the time of writing in July 2021) but their frequency varies. They were exceptionally frequent during lockdowns, and especially in the first one during which they were
held on a weekly basis. During periods of (relative) respite from the health crisis, they might be only once a month.

These meetings are not spaces for negotiation but rather for information-consultation. They are a place for the government to present its assessment of France’s health status, emergency measures taken and their implications for the world of work. They would also present legal changes made in order to adapt to the crisis context (for instance, a temporary shortening of the consultation period for firm-level social dialogue or a temporary change in the rules defining holidays and working time). Social partners are not encouraged to negotiate such measures but are given a direct and specific access to information with a possibility to react.

While the first, and strictest, lockdown was a shock for every actor, plunging them into the unknown and raising many new questions, these frequent meetings seem to have helped them manage through the crisis. One interviewee underlined the level of shock was such that being able to exchange and combine different perspectives on such a new situation in itself was already useful.

Looking back, several trade union representatives pointed out that these meetings were also a way for the government to share responsibility for the restrictive measures put in place. Some regretted the lack of room for real negotiations. Union and employer representatives interviewed for this analysis pointed out that the very form of these meetings (successive speeches by the eight organizations with little time left over) prevented real discussion from taking place.

Yet, these meetings seem to have been fruitful to some extent. All trade unions representatives who we met did welcome the constant effort to transmit information. The government representatives who we met did acknowledge a “sense of responsibility” among social partners during this period. All actors agree that, in practice, these meetings have been an occasion to raise (and solve) some occasional but not insignificant problems. One union, for instance, noted how mobility restrictions impaired union delegates’ actions, preventing them from actually going to workplaces. Another pointed at different specific problematic cases impairing the “normal” application process of access to social security or unemployment benefits and raised the need for exceptions to apply. Adjustments in labour law to adapt to the COVID-19 context were also discussed. The government did react to some of the remarks: for example, creating an exception to lockdown for union delegates.

Such informal social dialogue complemented the introduction of a specific and very flexible legal tool used to operationalize the results of the exchanges: the “National protocol to ensure the health and safety of workers in the workplace in the face of the COVID-19 epidemic” (Protocole national pour assurer la santé et la sécurité des salariés en entreprise face à l’épidémie de COVID-19). This protocol is a new, ad hoc legal tool in use since the crisis: it describes precisely the way in which the law (and notably the emergency law establishing the state of health emergency) should be interpreted. In practice, it is updated regularly and has been used as a practical and malleable soft law tool to adapt government action, notably in reaction to social partners’ remarks.

Overall, the combination of informal dialogue and this flexible means of action appeared to prove some efficiency in managing the extraordinary context of lockdowns.

**The COVID-19 crisis as a key to the revival of national-level social dialogue?**

**Contextual elements**

There are two main forms of national-level social dialogue in France. The first is purely consultative and the second revolves around the joint management of social protection institutions. Both give a
crucial role to the state, in such a way that they may be called “tripartite social dialogue” (Freyssinet 2017).

The first type of national-level social dialogue is of a strictly consultative nature. It takes place in “social summits” or “conferences”, bodies that have no legal basis. During the 2008 financial crisis, social summits were organized under Nicolas Sarkozy’s presidency aiming at presenting government’s plans in the area of social policy and inviting social partners to initiate negotiations on topics put forward by the government. After his election in 2012, François Hollande triggered a new phase, announcing the implementation of what would now be called “social dialogue conferences” (Conférence de dialogue social). These changed the previous habits in various ways: they were organized on a yearly basis, they involved social partners in their preparatory phase and were the place where the government’s social agenda was to be set. While the system seemed effective in its first two years (in 2012 and 2013), it began to falter in 2014 (when social partners started to conclude that the overall contents of the reforms ran counter to their interests and two of the representative unions walked out), the 2015 conference was of a lesser scope (focusing on three non-contentious issues) and no conference was held in 2016 when important labour law reforms were voted on. (See Freyssinet (2017) and Erhel (2020) for more detailed presentation of these steps and actors’ reaction.) Upon its arrival in 2017, Emmanuel Macron’s government did not decide to relaunch this type of consultation.

The second type of national-level social dialogue aims at the production of rules governing employment relationships. In practice, the process combines a national cross-sectoral collective agreement and a binding act from the state. The binding act can be either the incorporation of the content of the collective agreement into a new law or the approval or extension of the agreement itself (which actually gives it the force of law). The first option, going through a new law, is the way that potentially departs most from what has been agreed on by social partners. Indeed, the process is such that the government drafts a bill, transposing more or less exactly the agreement into a text that it further submitted to parliament. And the latter remains sovereign so that it is not obliged to respect all the terms of the agreement.

Agreements concern three types of subjects: first, enterprise-level management of employment and labour market functioning; second, the financing and functioning of jointly managed bodies; and third, employment policy instruments (see Freyssinet (2017) for various examples of agreements for the 2008–2015 period).

Although these processes of national-level social dialogue have existed for a long time, their dynamics have fluctuated since the 1970s (Bevort and Jobert 2011). After a low point in the 1980s and 1990s, a positive dynamic took hold from the 2000s. This dynamic was notably fuelled by the 2007 Act on the modernization of social dialogue which codified existing practices. It described a three-stage decision process: first, the government should inform social partners about a planned initiative and provide them with background documents on the issue; second, social partners should inform the government if they wish to negotiate; third, if agreement is reached, the government would draft a bill transposing its content into a revision of the Labour Code and submit it to parliament.

Because of the driving role the state has, the dynamic of cross-sectoral collective agreements is highly influenced by the government’s attitude. This is particularly clear if you consider the number of agreements reached per year since 2010 (see figure 1). National-level negotiation was intense from 2010 to 2015, then it became much less frequent from 2016. Over the past three years, approximately ten texts were signed per year and, among those, a little more than half were national-level agreements (others being infra-national-level agreements17 or amendments to previous texts).

17 Six over 11 texts in 2020, 6 over 9 in 2018 and 2019.
The low point that began with the failure of the social conferences’ dynamic was accentuated at the beginning of President Macron’s mandate. We may link this to the new government’s increased control over the definition of the social agenda and its more frequent intervention on the topics usually covered by collective bargaining, raising critics from social partners (Erhel 2020). In practice, two events crystallized the tensions: first, in 2018 the government called for a vast reform of continuing education and training the day after an agreement was reached by social partners and, second, in 2019 social partners blamed strict targets imposed by the government for the failure of unemployment insurance negotiations. Furthermore, by the start of 2020, pension reform was underway which was criticized for not fully respecting collective bargaining (despite extensive consultation with social partners) and led to multiple strikes from December 2019 to February 2020. Several topics on the social agenda were the subject of tensions by the beginning of 2020.

In parallel to state-led negotiations, social partners have a long-term claim for autonomous negotiation. But in the years preceding the COVID-19 crisis, this type of social dialogue was quite undynamic. Several reasons may explain it: important changes in the legal systems in 2016 and 2017 may have destabilized actors; the government’s downplaying of their agreement on further training (in 2018); failure of the negotiation on unemployment insurance (in 2019) or a change in the attitude of MEDEF following the election of a new president in 2018 (given the MEDEF has a driving role in this autonomous social dialogue).

While national-level social dialogue is historically one of the pillars of social dialogue in France, it has been dormant for several years and has been the subject of recent tensions – despite a positive dynamic from the mid-2000s to the mid-2010s – until 2020, when the COVID-19 crisis began.

“Social dialogue conferences”

The COVID-19 crisis marked a turning point in the government’s policy towards national social dialogue. First, soon after the start, the government decided to postpone much-debated unemployment insurance and pension reforms. And then, in the aftermath of the first lockdown, the government announced the organization of a “Social dialogue conference” in July 2020. Its objective was to establish the government’s
social agenda, to set its priorities, method and calendar. Since then, social dialogue conferences have been organized approximately every six months (October 2020 and March 2021), each focused on reviewing ongoing measures and planning the next steps.

These conferences are preceded by preparatory meetings involving government representatives and social partners (and sometimes also followed by some meetings to finalize the decisions). More often than not, these meetings are collective but some are held bilaterally, grouping an organization and the government.

These conferences, presided over by the Prime Minister, are a quite visible tool for social dialogue and the fact that they started again, six years since the last one, is a clear sign of the government’s willingness to put forward its relationship with social partners. Moreover, some union representatives state they may have had an influence on the postponing of certain reforms (branch restructuring, unemployment insurance or pension reform) and government representatives point out that union advice had some influence on putting forward the “second-line workers” work package (see section 3). Yet, all actors interviewed agree these conferences are not an occasion for real negotiations over the agenda’s content. They believe that collateral meetings are rather of a consultative nature and “social dialogue conferences” first endorse a mode of communication towards the society as a whole. In the context of the COVID-19 crisis, interviewed government representatives did consider that the conferences have been a space where solidarity between state and social partners was expressed. An optimistic interpretation would describe them as the tip of the iceberg: a sign of a less visible and ongoing social dialogue.

National cross-sectoral collective agreements

In the context of several slow years of cross-sectoral social dialogue (see figure 1), 2020 marks a turning point in the sense that two important national-level agreements (accord national interprofessionnel) were signed: one concerns remuneration in the health sector and the other telework. We will briefly review the context and content of these agreements before discussing the robustness of national-level social dialogue in the context of the COVID-19 crisis.

National-level agreement “for reinforced prevention and a renewed offer in terms of occupational health and working conditions”

This agreement was signed on 9 December 2020 by MEDEF, CPME and U2P for the professional employers’ organizations and by CFDT, CFE-CGC, CFTC and FO for the trade unions.¹⁸ It was extended in February 2021 and a law (very close to the agreement in its content) was voted on 2 August to include the content of the agreement into the Labour Code.¹⁹

The corresponding negotiation started in spring 2019, long before the COVID-19 crisis, and builds on several reports which raised the need to improve the governance of the system, to strengthen prevention mechanisms for employers and employees and to develop links between occupational health and public health.

The agreement intends to focus on preventive health and to help small firms in developing such prevention. Its content covers four themes: the prevention of occupational risks in companies; the promotion of the quality of life at work in connection with occupational health; the prevention of risk of employment exclusion and promotion of an offer of services for inter-company occupational health services in the context of a renewed governance of occupational health services.

¹⁹ See: https://www.vie-publique.fr/loi/278583-loi-2-aout-2021-transposition-de-lani-sante-au-travail
National-level agreement “for a successful implementation of telework”

This agreement was signed on 26 November 2020 by MEDEF, CPME and U2P for the professional employers’ organizations and by CFDT, CFE-CGC, CFTC and FO for the trade unions. Since April 2021, this national-interprofessional agreement is applicable to all private sector enterprises and workers by virtue of the extension mechanism as described in the introduction of this report.

The legal basis for telework already existed (notably through the ordinances of 2017 that presented it as a possible health measure in case of an epidemic), and a cross-sectoral agreement on telework was already signed in 2005. European-level social dialogue also set the basis for telework through several related agreements since 2002 and up to June 2020. Yet, there was still a need for further negotiations on digitalization in France (Erhel 2020), and the specific need for negotiations on telework was fuelled by an exceptional increase in the share of teleworkers during the COVID-19 crisis. Negotiations on telework were opened soon after the first lockdown in June 2020. They clearly were triggered by the COVID-19 crisis, and agreement was reached in a very short time.

The text aims to clarify the legal environment applicable to telework and to offer social actors (in a company and in professional branches) a tool to assist social dialogue and support negotiations.

It specifies in particular:

- a definition of telework and the scope of telework jobs
- the principle of double voluntary participation (from employees and employers)
- reasons for the employer’s refusal of a telework request
- reimbursement of professional expenses
- equipment and use of digital tools.

Trade unions have a mixed view on the content of the agreements at stake. CFDT and FO acknowledge these agreements renew and stabilize the legal framework for telework and health at the workplace. They both also grant the role given by social dialogue to the firm or branch level. Yet, following the conditions of the employers’ federation, both agreements are not binding. This is a disappointment for all trade unions and even explains (along with their judgment of insufficient provisions on the right to disconnect and data protection) why CGT did not sign either of the two agreements. On the employer side, two organizations (CPME and MEDEF) strongly welcome the fact that no new constraints were imposed on employers. Regarding the agreement on occupational health, the three nationally representative employers’ organization welcome the reform of the governance of occupational health services.

All social partners welcome the resumption of far-reaching negotiations at the national level. With the agreement on occupational health, the crisis context allowed the conclusion of negotiations that had been pending for months. This is also the case for a sectoral agreement on working conditions and pay for health workers signed in July 2020.

A rebirth of national-level social dialogue in the wake of the COVID-19 crisis?

The resumption of broad national-level agreements and “social dialogue conferences” are clear signs of a vivid national-level social dialogue. If we add the frequent informal “COVID-19 meetings” introduced from
the start of the crisis, the year 2020 somehow appears as a “golden age” of national-level social dialogue (according to the words of one union representative interviewed). Analysing European-level sectoral negotiations during the crisis, Degryse (2021) similarly expresses the impression of a “holy union” of social partners.

We may make the hypothesis that such a dynamic is the consequence of the COVID-19 crisis. Such an exceptional context may have nurtured a momentum of mutual support among social partners.

Yet defining a causal relation with the crisis is very tentative. Other driving forces are at play. First, there was a ministerial reshuffle in the beginning of July 2021, and the new prime minister (Jean Castex) does put forward social dialogue as a marker of his politics, while his predecessor (Edouard Philippe) rather advocated for the on-off consultations of social partners. Second, the Yellow Vests movement and the difficulty of solving it (notably due to the difficulty of finding a representative to engage in dialogue) may have pointed at the crucial role of the social partners as intermediary bodies between state and society.

The processes described show the state has a crucial role in French national-level social dialogue. Even concerning national-level cross-sectoral agreements, the government precedes negotiations by a framework letter setting its goals and provides most of the material on which analyses are based. During the negotiations themselves, the government may intervene to help overcome some point of contention. Doing so, the government clearly supports the process and helps it to succeed. Yet, it also may interfere in a domain that is supposed to be outside its scope. This illustrates a long-lasting ambiguity making national social dialogue more tripartite than bipartite. The role taken by the state here is repeatedly criticized by social partners (and two of our interviewees again pointed it out as a problem). This stresses the importance of another crucial change that emerged during the COVID-19 crisis: the progressive construction of an autonomous negotiation dynamic.

As soon as the first lockdown, social partners started to negotiate on defining common principles for “return to work plans”. This negotiation failed and ended up as a joint statement in April 2020 signed by one business organization (MEDEF) and two “reformist” unions (CFDT and CFTC). But social partners also, quite soon, launched a joint reflection to devise solutions to the crisis. This led to a common statement in June 2020 signed by four business organizations (MEDEF, CPME, U2P, FNSEA) and four unions (CFDT, CFTC, CFE-CGC, UNSA). More significantly, social partners’ autonomous reflection allowed them to come and negotiate with the Ministry of Labour on collective labour market transitions by proposing a joint project (in October 2020) which was then adopted. This capacity to be a force of proposal and to be heard by the government was welcomed by interviewees even if the limited scope of the scheme was also underlined.

By the start of 2021, the MEDEF initiated a move that led social partners (except CGT which declined the invitation) to set an autonomous social agenda, separate from the government’s. The goal of the signatories, even if they are still far from it, is to conduct an autonomous reflection enabling them to become the driving force in national-level social dialogue.

Peak-level social dialogue helping the world of work to recover from the crisis

This section presents measures aiming to devise long-term responses and structural interventions to recover from the crisis. Two type of actions will be reviewed: the first is a global recovery plan and engages national-level social dialogue; the second takes the form of various work packages and gives a crucial role to decentralized social dialogue. The two give a role to social dialogue but to various degrees and at different levels (national, branch or firm).

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21 There was a concomitant change in labour ministers from Muriel Penicaud to Elisabeth Borne.
Content and context of the global recovery plan

To sustain the French economy that was seriously hit by the lockdown measures, the government announced the launch of a recovery plan in September 2020. The recovery plan is more comprehensive than previous emergency measures, although it includes specific measures that were already announced before September (support to employment maintenance through short-time work, youth employment support, training and so forth).

It adds up to €100 billion (including €40 billion stemming from European funds) over a two-year period. The macro-economic objective is to restore the 2019 level of GDP by 2022.

The targets of the recovery plan are more comprehensive than previous measures: the objective is to speed up the pace of an ecological transition; it aims to green the French economy and support job creation. It aims also to sustain growth potential and support French companies and industries’ competitiveness, while investing in technologies to foster innovation (see box 2). All these measures have been reinforced in the context of the further lockdowns.

Box 2. Main lines of the global recovery plan

The plan is composed of three pillars. The first pillar is “the green transition”. It includes investments for energy efficiency renovation for private and social housing and public buildings (€6.7 billion). It also includes: investment and operating expenditures dedicated to industry de-carbonization (€1.2 billion), investment to develop everyday green mobility (cycling and public transportation) (€1.2 billion), some support to develop railway transportation – people and freight (€4.7 billion), spending to develop green hydrogen (€7 billion over 10 years).

The second pillar is “the reinforcement of competitiveness and resilience of the French economy”. It plans for a reduction of €20 billion in business taxes over the period. Moreover, €1 billion will be dedicated to favour the relocation of industrial production to France. This point could be seen as a response to the critics addressed to the government following the lack of masks and tests that were produced abroad and were essentially unavailable in France at the beginning of the COVID-19 crisis. In addition, €11 billion will be dedicated to investments in key technologies through the Investment Programme for the Future (PIA – Programme d’investissements d’avenir). This tool is not new: since 2010 several PIAs were launched in response to the economic consequences of the 2008 crisis. For instance, PIA1, PIA2 and PIA 3 have supported investment in tertiary education and research infrastructure, innovation and high-tech industries or sustainable growth. Moreover, €3 billion are planned to strengthen the equity capital of SMEs/MSMEs and mid-size companies.

The third pillar is “skills, social and territorial cohesion”. It aims at investing in skills in order to safeguard jobs and improve employability and productivity, especially for youth and more vulnerable workers. It includes: investment in healthcare infrastructure (€6 billion), the training of young people in strategic and dynamic sectors (€1.8 billion), a decrease in the labour cost for young and disabled people through wage subsidies and reduced social contributions (€3.2 billion), life-long learning and transformation (modernization) of the life-long training via digitalization (€1 billion), some measures to preserve employment through long-term, short-time work schemes and dedicated training (€7.6 billion), some support for local authorities that account for the majority of public investment – including investment in the green transition and measures to support the most vulnerable and families (€5 billion).
Some elements of social dialogue were introduced in the definition of the recovery plan itself. Before it was launched on 3 September 2020, the plan was presented to social partners on the occasion of the July 2020 social dialogue conference. There were also a set of preparatory (collective and bilateral) meetings in July 2020. In the end, the main line and overall content of the plan was not subject to negotiation, but social partners did have the opportunity to raise their concerns.

Trade unions, including the reformists, criticize the massive unconditional transfers included in the plan (due to large tax cuts and targeted subsidies, notably in favour of youth employment), and emphasize the necessity of controlling the use of tax cuts and funds. Although it appears quite difficult to condition tax reductions and/or subsidies to job creation (or employment maintenance), they notably asked for social and economic committees (employee representation bodies) to be at least informed and exert some control on the use of public funds and on employment management in the companies. In contrast, employer organizations are strictly against this idea of imposing additional controls on employers’ decision-making. The CPME representative interviewed considers that these measures should actually be considered as support to enterprises in compensation for the toll of the crisis. In the end, the government did not impose any obligation on firms.

**Setting the ground for a new economy: a role for decentralized social dialogue**

Among the various themes to be addressed according to the government’s social agenda, social partners are constantly given a role. For some themes it only amounts to being informed about the government’s future decision (regarding unemployment insurance or pension reform); for others, social partners are welcomed to contributing to the collective thinking (regarding collective mobility or the sharing of added value); and, for a third group of themes, the government proposes a process giving a crucial role to firm or branch-level negotiations.

We will first present the process we define as decentralized, negotiated public action and further present two examples taken from the current government’s social agenda.

**Decentralized social dialogue as a public policy tool**

In a given country, the relative importance of different negotiation levels varies in time. A shift in the level of negotiations often implies a changing balance between the parties concerned or in their internal power balance. Therefore, changing the level of collective bargaining is in itself likely to be a matter of negotiation between parties. In French employment relations, the state takes a major role here by fixing regulations and standards. Accordingly, public action has had a central role in shifting the centre of gravity of the industrial relations system from the branch to the company over the past decades.23

The Lois Auroux in 1982 (implementing a firm-level obligation to negotiate on a list of themes) marked the starting point of decentralization dynamics in France. Since then, this dynamic has been fuelled by different changes in the legal system, but we will focus here on another driving force: the implementation of policies giving a pivotal role to branch or firm-level negotiations. These policies include decentralized social dialogue as a condition for their effectiveness. It was, for instance, the case for the reduction of working time which would be subsidized by the state if and only if it was accompanied by firm-level negotiations. This conditioning of state financial support on the signature of a firm-level agreement has clearly been a driving force behind the increase in company negotiations at the turn of the century.

In practice, concluding an agreement (at branch or firm level) has also been used as a precondition for implementing a new policy tool. For example, it is the case for a new type of fixed-term contracts,

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22 See: [https://www.economie.gouv.fr/presentation-plan-relance](https://www.economie.gouv.fr/presentation-plan-relance) for details.

23 See: Freyssinet (2017) and Erhel (2020) for more detailed presentation of these steps and actors’ reaction.
“fixed-term contracts with a definite purpose” ("CDD à objet défini"), created in 2008, and which could only be used once a branch-level agreement would be signed.

Overall, this type of conditionality has been used at different occasions over the past decades, either concerning firm or branch-level social dialogue. It is clearly one of the reasons for the long-term dynamic of an increasing number of firm-level agreements and the maintenance of high levels of branch activity.

In terms of public policy mechanisms, the rules are clearly stated at the government level, but the actual implementation of the policy is devolved to social dialogue at a “lower level”, creating some sort of “decentralized negotiated public action”. Groux (2005) even argues that such a method institutes decentralized social dialogue as an actor of public policy.

Considering the context of the COVID-19 crisis, the “long-term partial activity” scheme is typical of such a logic. In a longer-term perspective, considering the French government’s social agenda set during the COVID-19 crisis, a similar method of decentralized negotiated public action is at stake for three work packages: “jobs in demand”, “second-line workers” and “posted workers” for whom branch-level negotiation is given a crucial role.

In the following sections we will present the “long-term partial activity” scheme (“Activité Partielle de Longue Durée”, APLD) and “second-line workers” work packages as illustrative examples.

“Long-term partial activity”: a first example of decentralized negotiated public action

The “long-term partial activity” device has been sought as a relaying device to the exceptional use of short-time work during the crisis (see box 3). It allows firms exposed to a reduction in their activity to decrease working time and benefit from a higher compensation by the state: the employee is guaranteed a compensation of at least 70 per cent of his gross remuneration (in the limit of 4.5 times the gross minimum wage) and the state allowance is set to 60 per cent of this compensation. This is much more advantageous (for firms and employees) than the common law short-time work scheme (see box 3) but is only accessible if a common agreement is reached at the company or industry level. Such an agreement must define the employer’s commitment in terms of employment maintenance and employee training, and it can specify supplementary compensation paid by an employer.

The scheme has been quite successful and by mid-2021, while the exceptionally generous version of short-time work scheme has not yet been fully withdrawn, 53 branches have signed agreements24 (out of about 200) and according to the Ministry of Labour. annual report on collective bargaining (Ministère du Travail 2021), by the end of 2020, more than 10,000 company-level agreements were already signed.

In the end, the way this APLD scheme was built, giving a crucial role to social dialogue at the firm and industry level in facing the crisis, clearly fuelled a dynamic social dialogue at a decentralized level. And the social partners interviewed did support such a process.

The dynamic was also supported by diverse measures implemented by the Ministry of Labour, adapting the conditions for negotiations in order to facilitate their continuation during lockdowns (reduced time limits for employee consultation after the signing of an agreement or shorter extension delay for industry-level agreements relative to the crisis; see Ministère du Travail 2021 for more details).

Overall, while we could have feared that the health crisis would lead to a lockdown of social dialogue, the opposite was observed: despite the context, both firm-level and branch-level negotiations stayed quite active (the number of agreements signed at both levels is comparable to 2019).

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Box 3. Short-time work: an urgency scheme and its transformation

The short-time work scheme enables a firm facing temporary difficulties to reduce working time or suspend employment. Employees receive a compensation for unworked hours and this compensation is partly financed by a partial activity allowance paid by the state to the company – co-financed by the state and the unemployment insurance system. The mechanism has existed for some time and previously was used during the 2008 global financial crisis. Yet, during the COVID-19 crisis, it has been used at a level unknown till then.

In March 2020, among “emergency measures”, several changes were made to introduce an exceptionally generous version of the short-time work scheme.

First, the allowance was no longer a lump sum, but became more generous and proportional to the remuneration of employees concerned by partial activity. The compensation due to an employee covers at least 70 per cent of his previous gross remuneration, i.e. approximately 84 per cent of net salary (a minimum of €8.03 per hour applies) in the limit of 4.5 times the gross minimum wage. And this compensation is fully financed by the state. The employer can offer higher compensation (in excess of 70 per cent of gross salary) if it can/wishes to do so or following a collective or company level agreement.

Second, the “emergency measures” opened up the measure to groups that are normally excluded (public companies, individuals who work from home, employees of private employers, childcare assistants), and from May 2020 the scheme also covered employees who could not work because of the pandemic like those who had to care for their children because of school closures.

From July 2020, the French government sought to anticipate the modalities of exit from this mechanism. This exit from this exceptional version of the device is planned to be gradual (and slower for sectors most hit by the crisis) and has been postponed several times in face of the enduring crisis and repeated lockdowns: it will be fully completed by 1 September 2021. The main point is the reduction of the compensation paid to employees to 60 per cent of their previous gross remuneration and the reduction of the state allowance down to 36 per cent of the compensation.

In parallel, in case of persistent difficulties, a new scheme was introduced: “long-term partial activity” (Activité Partielle de Longue Durée, APLD). It was voted as a decree in July 2020 and was further integrated to the recovery plan announced in September with a budget of €7.6 billion devoted to APLD and training of partial activity beneficiaries. It can be used for a maximum of 24 months, not more than 3 years after the first use of the scheme and the reduction in working time must be lower or equal to 60 per cent.

Like the adjustment of the short-time working scheme at the heart of the crisis, this scheme is also to be temporary and is planned to be available until June 2022.

“Second-line workers”: a second example of decentralized negotiated public action

The “second-line workers” work package is another good illustration of decentralized public action. The approach and objective are very different from the APLD device. This work package is one of the half-dozen work packages included in the government’s social agenda. They are managed in various ways (some of them only including social partners’ consultation at the national level) and “second-line workers”
are among those giving a crucial role to branch-level negotiations. We will present its functioning and discuss its contributions and limits, keeping in mind that the process is still ongoing.

Beyond the medical professions mobilized on the “front line” against COVID-19, millions of private sector employees were at risk of infection during the health crisis as they continued to provide the population with services essential to daily life.27 As early as the social dialogue conference of July 2020, the recognition of these second-line workers was included in the government’s social agenda. This objective was defined as a work package to be jointly conducted by government and social partners.

Two experts were nominated to coordinate this work package: Christine Erhel (labour economist, professor at the Conservatoire National des Arts et Métiers) and Sophie Moreau-Follenfant (deputy director general in charge of Human Resources at “Réseau de Transport d’Electricité”). Their mission was to entail three stages: first, in concert with social partners, they should make proposals to determine the criteria for identifying these second-line workers and draw up a list of occupations and branches; second, on the basis of this list, they will analyse the quality of these jobs; and third, they will build on this work to propose different levers of recognition for second-line workers at the branch level, potentially through negotiations.

The experts were nominated in October. After a round of meetings with social partners and the counsellors from the Ministry of Labour, a list of criteria was established and a document analysing the quality of jobs concerned was published (Amossé et al. 2021). These results were presented to social partners in March.

Social partners were in support of this project. But by the end of 2020 there were some negative reactions to the term “second-line” as potentially pejorative, but it appeared already too prevalent to be changed. The choice of criteria also gave rise to some remarks (notably by the branch concerned), but the main point of debate was the choice of the appropriate way to better recognize “second-line” jobs.

Trade unions argued for rapid negotiations of wage increases at the branch level, or even wage increases defined collectively at the state level. For their part, the employers’ organizations emphasize the need to examine several factors, including training of career paths. The government first promoted a wage premium specific to “second-line” workers, but – at risk of unconstitutionality concerning differential treatment of workers and the tough opposition of employers’ organizations – it finally decided to open the possibility to all employers to pay a tax-free bonus up to €1,000 and raised the maximum to €2,000 for “second-line” workers, provided that a branch agreement had been signed.

Social partners have a mixed view on this decision: employers’ organizations have underlined that it leaves a lot to be paid by each firm and will lead to fraud, while workers’ organizations tend to consider that the lack of a clear collective change will be a missed opportunity. In the end, both seem to consider that the process will not lead to a radical change for “second-line” workers in terms of pay.

Yet, the next step is still to come with branch-level negotiations. A list of 15 professional branches has been established since March, and the government is actively trying to motivate these to negotiate over the recognition of their second-line workers, notably helping them to establish base documentation on their branch. The degree of progress by the different branches is varied: some were quite proactive and are already quite advanced (like security or cleaning industries) while others are lagging behind (construction industry).

At this stage, no overall dynamic is emerging, and we fear that no comprehensive recognition movement for second-line workers will take shape. The same opposition from social partners

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27 They were 4.6 million according to Amossé et al. (2021).
view that appeared at the national level is likely to be repeated at the local level. And it can be hypothesized that the incentive offered by the government (to raise the possibility of a tax-free bonus from €1,000 to €2,000) is not enough to overcome this difficulty and motivate branch-level negotiation in a still fragile economic context.

**Concluding observations: challenges, opportunities and the day after**

In France, the COVID-19 crisis emerged in the context of a sluggish and tense social dialogue at the national level. Yet, it has been the occasion of a new dynamic in various ways:

- Lockdown periods were managed through very frequent informal meetings of the government with social partners. Since then, the government made a habit of regularly informing and consulting social partners about their decisions and the development of the work packages constituting its social agenda.

- Although these meetings were not a place to negotiate the policy response to the crisis, they may have been a place for building common knowledge and trust among actors.

- Early in 2020, the momentum for national cross-industry (state-supported) agreements has resumed with the signing of agreements that had been pending for months and the rapid conclusion of an important agreement on telework.

- From July 2020, the government started a cycle of half-yearly “social dialogue conferences” that were able to make visible the place given to national-level social dialogue.

- The crisis period was also an opportunity to relaunch autonomous (from the state) social dialogue at the national level. This was reflected, for example, in the ability of social partners to jointly propose a system for managing collective mobility and their ability to construct an autonomous social agenda.

The actors interviewed all welcome this renewed dynamic of national social dialogue. But it is not clear yet if this constitutes an “enchanted parenthesis” or the start of a long-term trend. Indeed, the ability of this dynamic to continue beyond the crisis period remains an open question. Several trade union representatives interviewed consider that the government’s attitude towards national social dialogue has resumed its pre-crisis position. This may give a crucial role to social partners’ capacity to drive autonomous social dialogue while the French tradition is clearly one of tripartite national-level social dialogue.

During the crisis, the resumption of a dynamic social dialogue at national level was accompanied by a steadily active decentralized social dialogue (at branch and company level), notably motivated by a public intervention scheme that we have described as “decentralized negotiated public action”. From this point of view, the crisis has also been an opportunity to demonstrate the complementarity of the three bargaining levels. While the 2017 ordinances and the failure of the 2018 and 2019 national agreements tended to downplay the role for national-level social dialogue, the latter has regained a central role during the crisis putting forward the usefulness of an articulation of negotiation topics among the three levels.
References


The case of Greece

Valia Aranitou and Christos Goulas
Greek economic prospects: sectors affected by the pandemic

For the Greek economy, the footprint of the pandemic has been significant. The Greek economy, due to a decade-long financial crisis and the very strict fiscal stabilization programmes (MoUs 2010, 2012, 2015), started from a lower growth threshold as compared to other European economies (Milonakis, Drakaki, Manioudis and Tzotzes 2020). The policy of internal devaluation was linked with a considerable reduction in the number of businesses and a corresponding loss of jobs. This, contrary to Schumpeter’s “creative distraction”, failed to liberate the productive forces of a Greek economy that so far has been unable to grasp the prospect of a sustainable economic development model. In the context of this weakness, the spectacular growth of tourism as an indicator of the recovery of the Greek economy, especially after 2014, is not coincidental. Although tourism cannot be considered a true “heavy industry”, it has impacted, due to its augmentative features, the post-recession course of the Greek economy. It is significant that, according to available data from the Bank of Greece, revenue from tourism grew by 88.5 per cent between 2010 and 2019 (from €9.6 billion in 2010 to €18.1 billion in 2019). This considerable increase aggravated regional inequalities since those regions with intense tourism activity posted faster growth than those without a significant tourism industry. Undoubtedly, Greece’s excessive dependence on tourism (and linked sectors like retail trade, transportation and so on) aggravated the negative impact of the pandemic. In 2020 Greek GDP fell by 8.2 per cent compared to 2019. This drop in 2020 was significantly higher than the respective average of EU member states (figure 1), a fact indicative of the structural problems of the Greek economy which became more apparent in the wake of the pandemic.

Figure 1. Per cent change in GDP, 2012–2020

Source: Eurostat, own contribution by authors.

National lockdowns led to a considerable number of businesses suspending operations and a corresponding suspension of employment contracts (ELSTAT 2021).1 The pandemic caused a crisis on both the supply and demand side. Specifically, the sectors that declined the most are those linked to tertiary production, in particular accommodation, food and drink-related services, trade

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1 In March 2021, 210,217 businesses suspended operation (14.8 per cent of all businesses) in the Greek economy.
and transport. As shown in figure 2, the Turnover Index in these subsidiary sectors declined very sharply indeed.

**Figure 2. Course of General Turnover Index in main sectors of the Greek economy**

![Course of General Turnover Index](source)

Source: Hellenic Statistical Authority (ELSTAT), own contribution by authors.

In the nine years preceding the pandemic the two sectors (closely) linked with tourism, hotels/accommodation and travel agencies, grew robustly, in line with its spectacular increase. Following the COVID-19 pandemic, however, these sectors experienced an unprecedented collapse, in line with the debacle that befell the tourism industry internationally. Retail trade displayed considerable resilience but featured significant intra-sector contrasts. Food and drink-related services declined, markedly so after 2015; the pandemic impacted this category negatively, too. Lastly, logistics, a key sector for the Greek economy, saw considerable growth from 2012 to 2019 but was severely impacted by the pandemic.

Typically, on the supply side, there was a very significant drop in terms of Gross Added Value. But as implied above, this drop was not evenly shared. According to the data in figure 1, the impact of the pandemic is more acute in sectors that were directly affected by social distancing measures (lockdowns). The trade/transport and storage/accommodation and food services sector declined by 23.3 per cent, which explains the decline in total added value by 8.1 per cent. The significant drop in this sector is due to the very sharp decline in revenue from tourism from 2019 to 2020, by 76.2 per cent (from €18.1 billion to €4.3 billion). The arts/entertainment/recreation sector also declined sharply, by 25.8 per cent. On the other hand, industry and manufacturing and primary production declined only moderately in terms of added value, confirming the fact that the impact of the pandemic is limited in those sectors not involving extensive social interaction The data indicate that construction is the only sector that posted a positive performance – up 10.4 per cent. Concurrently, the supply-side crisis is linked to a considerable drop in jobs: some 492,900 full-time jobs or 10.7 per cent of the total labour force, according to available data from the Hellenic Statistical Authority (ELSTAT). Greece is the EU member state with the highest percentage of salaried personnel whose employment was suspended (27 per cent of the total).
### Table 1. Per cent change in Gross Added Value by sector, 2018–2020 (current prices in € million)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishing</td>
<td>6,576</td>
<td>6,932</td>
<td>6,829</td>
<td>5.4%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Mining and quarrying, manufacturing, energy, water supply, sewage</td>
<td>21,501</td>
<td>21,413</td>
<td>20,618</td>
<td>-0.4%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Treatment, waste management, sanitation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>2,270</td>
<td>2,222</td>
<td>2,454</td>
<td>-2.1%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Wholesale and retail trade, vehicle and motorcycle repairs, transport</td>
<td>41,883</td>
<td>43,856</td>
<td>33,637</td>
<td>4.7%</td>
<td>-23.3%</td>
</tr>
<tr>
<td>and storage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information and communication</td>
<td>4,979</td>
<td>5,271</td>
<td>5,255</td>
<td>5.9%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>8,330</td>
<td>8,339</td>
<td>7,628</td>
<td>0.1%</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Real estate management</td>
<td>25,629</td>
<td>25,689</td>
<td>25,529</td>
<td>0.2%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Professional, scientific and technical activities, management and</td>
<td>7,949</td>
<td>8,066</td>
<td>7,046</td>
<td>1.5%</td>
<td>-12.6%</td>
</tr>
<tr>
<td>administration activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public administration and defence, mandatory social security,</td>
<td>31,346</td>
<td>31,623</td>
<td>32,487</td>
<td>0.9%</td>
<td>2.7%</td>
</tr>
<tr>
<td>education, activities related to human health and social care</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts, entertainment and recreation, household appliance repairs</td>
<td>5,318</td>
<td>5,626</td>
<td>4,176</td>
<td>5.8%</td>
<td>-25.8%</td>
</tr>
</tbody>
</table>

**Source:** Hellenic Statistical Authority (ELSTAT), own contribution by authors.

There is little doubt, therefore, that the compulsory closure of businesses, the suspension of jobs, the conversion of full-time to part-time employment contracts, and the significant decline in Gross Added Value, were linked to an extensive intervention on the part of the state, which, to a large extent, was financed with European emergency funds, like the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE), rescEU and so forth.

### Procedures followed by the state: COVID-19 and measures to support workers and businesses

The pandemic crisis occasioned a range of challenges to both economic and social activity and impacted the priorities of nation-states. Specifically, both in Greece and elsewhere, policy measures, especially in the first months of the pandemic, were aimed at reinforcing the resilience of healthcare systems, protecting jobs and ensuring the cohesion of business systems. In the first period, the participation of social partners in planning those policies was limited and fragmentary, due also to the extraordinary nature of the measures. In other words, there was almost no social dialogue at all and the extraordinary nature of the health crisis impeded the active participation of the social partners and affected the quality of social dialogue. Tellingly, the social partners have expressed their dissatisfaction and are critical of the quality of social dialogue (Eurofound 2021). On the other hand, however, the pandemic highlighted the importance of effective social dialogue, which is necessary for adopting those measures that will contribute to supporting businesses, workers, the economy and society. Government policy was based on restricting the free movement of citizens, restricting specific economic activities in various sectors of the economy and introducing measures to ensure social distancing. Without a doubt, the application of these measures had severe consequences on economic and social life, impacting both businesses and workers. Indeed, in the case of Greece, and in contrast with other countries (e.g. Italy, Portugal and Spain), the extraordinary legislative processes were compatible with the Constitution, since it provides a mechanism for instituting reforms depending on circumstances (Eurofound 2021). At this level, the
measures that were adopted addressed the need to support: (a) the healthcare sector, (b) business and (c) employment.

**Health-related measures**

In the first months, emphasis was almost solely given to health-related measures applied towards mitigating the health risks of the pandemic. In particular, a range of legislative initiatives set the framework for countering the health crisis. Law 4675/2020 encompassed “prevention, protection, and promotion of health, and other provisions”. Specifically, article 10 instituted the Public Health Experts Commission, which “supports the Minister of Health and the General Secretary of Public Health in exercising their mandate based on scientific validation in the context of, and subject to, the priorities for public health set by the political leadership of the Ministry”. In addition, a committee for coordinating government policy to counter the pandemic was constituted in June 2020.2 According to article 3, the task of the committee is “to make specific and effective proposals for planning, monitoring and co-ordinating government policy for countering the COVID-19 pandemic and its consequences for the country, with emphasis on public health and civil protection, social life and economic activity”. The decision under Protocol No. Α1β/Γ.Π.40270/18.08.2020 provides for the “Constitution and appointment of members to the National Vaccination Commission”, while Act No. 50, dated 22 December 2020, provided for the “establishment, constitution and operation of the Government Committee for Co-ordinating and Managing the Vaccination Campaign against COVID-19 Coronavirus”, whose main task is to design and implement a national vaccination programme for the Greek population. The healthcare sector was further funded with €1 billion for hiring additional personnel, strengthening Intensive Care Units and purchasing medical equipment.

**Measures to support business**

Two lockdowns, and in particular the second (November 2020 – April 2021), led to severe problems for business activity, especially in some sectors (food and drink services, tourism, trade, entertainment, transport), as discussed previously. In this context, interventions were made to counter the economic repercussions for businesses.

- The main instrument to support businesses was a “recoverable loan”.3 It was applied over seven cycles, through which €8.3 billion were advanced to businesses and professionals. Specifically, €602 million were advanced in the first cycle, €1.26 billion in the second, €1.51 billion in the third, €2.17 billion in the fourth, €1.22 billion in the fifth, €524.6 million in the sixth and €1 billion in the seventh cycle. More than 600,000 businesses and professionals received financial support in this way, and they will have to return approximately €4 billion to the state in 60 monthly instalments starting in January 2022.

- A second measure to support business was a special-purpose compensation, applied over four cycles and totalling over €494 million advanced to 725,646 business taxpayer identification numbers (TINs). The special-purpose compensation amounted to €800 per business and the greater part was advanced in the first months of the lockdown. Table 2 presents the allocation of the special-purpose compensation for businesses.

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3 The Action “Recoverable Advance” with a total budget of €1.5 billion is co-financed by the Operational Programme Competitiveness, Entrepreneurship and Innovation – EPANEK, with resources from Greece and the European Regional Development Fund of the European Union (€900 million) and with resources from the Public Investment Program (PIP), as well as from the regular budget. “Recoverable Advance” is the aid granted to companies regardless of industry, which were financially affected by the occurrence and spread of COVID-19 coronavirus disease and which is repaid, in whole or in part, under specific terms and conditions.
A third financial tool to strengthen business liquidity due to the extraordinary conditions occasioned by the COVID-19 pandemic was comprised of liquidity tools under the Enterprise Fund (TEPIH) II and the Guarantee Programmes through which €7.27 billion were advanced to 31,235 businesses. Specifically, according to the data of the Ministry of Finance, the greater part of this financing (71 per cent) was directed to businesses employing up to 10 workers, while 56 per cent of the value of the loans was directed to businesses employing up to 50 workers (Ministry of Finance 2021).

Regarding liquidity, an important intervention was subsidizing loans via the GEFYRA II programme, which incorporates a range of business-friendly measures, such as debt relief, reduced interest rates, pre-agreed instalment plans and repayment period extensions.

Among the additional measures, another important intervention was financial assistance given in the form of fixed expenditure subsidies for businesses from April to December 2020. The aim was to subsidize businesses (up to the end of 2021) for discharging current tax or social insurance contributions payable from 1 July 2021 to 31 December 2021.

Last, another intervention included measures extending deadlines for payment of taxes and insurance contributions. Table 3 lists the interventions and their costs.

| Table 3. Other interventions to support business, April 2021 |
|---------------------------------|------------------|
| Extension of tax and insurance deadlines | €1.5 billion |
| VAT and debt discounts | €250 million |
| Coverage of insurance contributions | €1.5 billion |
| Coverage of employer insurance contributions | €270 million |
| Reduction of income tax advance | €1.6 billion |
| Non-payment of municipal rates by businesses | €200 million |
| Reduced interest rates for business loans | €240 million |
| Reduced VAT in transport and food-related services | €200 million |
| Rents (offsets and payments) | €654.7 million |

While the effort to support business was developed over a broad framework, it has become evident that it was insufficient, especially for specific business categories and sectors.

**Measures to support employment**

According to Law 3850/2010, an employer is under an obligation to ensure the health and safety of the workers at their business, applying all necessary measures. On this level, the protection and safeguarding of health and safety in the context of business operation was considered self-evident after the advent of the COVID-19 pandemic. Immediately following the onslaught of the disease, businesses were obliged to apply measures on three levels: (a) organizational measures to restrict crowding and gatherings among workers; (b) environmental measures; and (c) personal hygiene and protection measures (Labour
Institute – National Workers Union 2021). Specifically, employers must provide antiseptic gels, install appropriate devices for hand cleansing and provide single-use personal protection equipment (PPE). Workers must apply the “relevant” hygiene and safety rules to protect themselves and also safeguard the health and safety of others whom their actions may affect. A large number of businesses’ operations were suspended due to the lockdown. A provisional prohibition was imposed on the operation of private businesses based on the type of their activities, while others were considered affected businesses, based on the decisions of the Ministry of Finance.

Due to this suspension, worker incomes required state support to reduce the burden on the operating costs of businesses. For the first time ever, the suspension of employment contracts was regulated by legislation. A crucial tool for financing worker support measures is the SURE programme, from which Greece has drawn approximately €5.27 billion (in two tranches: €2.73 billion and €2.54 billion). The funds from the SURE programme are loans, at a very low cost, and cover the worker and business support measures. On the level of employment protection, SURE has financed special-purpose compensation, coverage of worker insurance contributions (for workers whose employment contracts were suspended), coverage of seasonal worker insurance contributions (especially those working in tourism), and the “SYN-ERGASIA” programme.

Several interventions (legislation, joint ministerial decisions, circulars) from March 2020 to the present regulate the suspension of active employment contracts and provide for worker support measures (e.g. no-lay-offs clause, payment of compensation and insurance cover by the state). During the first stage of the pandemic (March and April 2020) suspension of employment contracts for 45 days (following a government order) was instituted, accompanied by extraordinary financial support (special-purpose compensation) to the amount of €800. The special-purpose compensation was covered, in the first stage, from the national budget; was declared confiscation- and tax-exempt; and was not to be offset against any other debt. For May 2020 compensation of €534 was awarded for all contracts placed under suspension. In the period from June to July 2020, businesses in the food services sector were enabled to extend employment contracts under suspension but also to place employment contracts under suspension for the first time for a maximum period of 30 days (1 June 2020 – 30 June 2020). Conversely, affected businesses could revoke conclusively the suspension of employment contracts for several employees and also revoke contract suspensions provisionally to cover extraordinary requirements. In addition, affected businesses could make use of the “SYN-ERGASIA” platform financed by the European SURE programme. Workers whose contracts were suspended in June were entitled, as they had been in May, to compensation of €534, corresponding to a 30-day suspension. In addition, for the period July to August businesses whose operations had been suspended by government order had to extend the suspension of employment contracts until the suspension of their operation was lifted. They were not permitted to reduce personnel by terminating employment contracts. On the other hand, businesses that either resumed operations after the suspension was lifted or had been severely impacted and had suspended employment contracts, could now revoke the contract suspensions and suspend them again by using the “SYN-ERGASIA” platform. Up to 30 September 2020 they could not reduce their personnel and should retain the same number of jobs. The special-purpose compensation remained at €534 and was again confiscation- and tax-exempt. For October, businesses whose operations had been suspended (by government order) could extend the suspension of employment contracts until the suspension of

4 Ministry of Finance, “Statement of the Minister of Finance Mr. Christos Staikouras, for the current, additional, disbursement of resources, amounting to €2.54 billion, to Greece from the SURE Programme for the support of employment”. Press Release.
5 Businesses with a 20 per cent reduction in turnover could reduce their employees’ working hours by 50 per cent. See inter alia KYA 45456/2021.
6 Employees who worked for part of May were entitled to the special-purpose compensation pro rata to the days of employment contract suspension extension (€17.8/day). For example, an employee who worked five days in May, received special-purpose compensation equal to €445.
their operations was lifted but could not reduce their personnel by terminating employment contracts. The special-purpose compensation remained at €534.

After the second lockdown, a new framework of revamped regulations was instituted for the period from November 2020 to March 2021, since the operation of all businesses in the private sector was suspended. During this period, businesses that had suspended operations were obliged to:

- a. Suspend employment contracts for workers recruited through 4 November 2020, extending the suspension of their workers’ employment contracts
- b. Suspend the dependent employment contracts terminating later than the date of the suspension of their operation
- c. Suspend fixed-term employment contracts for workers subsidized via the “Open Programme for 100,000 new subsidized jobs”

On the other hand, affected businesses (employers), as defined by their business activities based on code numbers from the Ministry of Finance, were entitled to:

- a. Suspend employees so far not part of the original programme, concurrently extending the suspension of employment contracts that had been suspended
- b. Suspend employment contracts of workers subsidized via the “Open Programme for 100,000 new subsidized jobs”
- c. Suspend employment contracts of workers who were previously entered into the “SYN-ERGASIA” platform
- d. Revoke the suspension of their workers’ employment contracts, placing again in suspension workers’ employment contracts irrespective of whether their suspension had been revoked or not
- e. Make use of the “SYN-ERGASIA” platform for some or all of their workers whose employment contracts had not been suspended

In addition, the affected businesses, for as long as their employment contracts were suspended, could not reduce their personnel by terminating employment contracts. The businesses had to retain the same number of jobs with the same type of employment contracts for a period equal to the period of the suspension of their workers’ employment contracts. Regarding the special-purpose compensation, it continued at €534 per month.

Undoubtedly the measures instituted regarding contract suspension and coverage of both compensation and insurance payments by the national budget were important for the viability of businesses, contributing as they did to reducing labour costs. However, as noted in the Institute of Labour – National Workers Union guidebook, the special-purpose compensation measure was insufficient due to its low amount and payment delays. For labour relations, two important developments were remote work and a reduced working-hour system. These initiatives, introduced on the European level, were regulated in article 31 of Law 4690/2020 and were supplemented by subsequent provisions. The mechanism of these systems was the same as the “SYN-ERGASIA” programme, aiming at strengthening short-term employment. Total compensation paid to employees amounted to €2.9 billion allocated among 1,727,577 single beneficiaries. Table 4 presents data from the Ministry of Finance on compensation paid out to workers.

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7 This programme aims at creating 100,000 new jobs by subsidizing all insurance contributions (for workers and employers) for six months at businesses (employers) in the country’s private sector, irrespective of industry and type of activity (Ministry of Finance, 39539/996/30.9.2020).
Table 4. Types of compensation for workers, April 2021

<table>
<thead>
<tr>
<th>Type of compensation</th>
<th>Number of beneficiaries (in thousands)</th>
<th>Amount (€) (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract suspensions</td>
<td>1129.7</td>
<td>2411.4</td>
</tr>
<tr>
<td>Unilateral, tourism-related</td>
<td>107.9</td>
<td>150.1</td>
</tr>
<tr>
<td>Unilateral, artists</td>
<td>11.4</td>
<td>11.5</td>
</tr>
<tr>
<td>SYN-ERGASIA</td>
<td>70.8</td>
<td>67.6</td>
</tr>
<tr>
<td>Scientists</td>
<td>181</td>
<td>108.6</td>
</tr>
<tr>
<td>Special worker categories</td>
<td>61.8</td>
<td>49.5</td>
</tr>
<tr>
<td>Easter bonus on suspended contracts</td>
<td>164.6</td>
<td>105</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1727.5</td>
<td>2903.7</td>
</tr>
</tbody>
</table>

Concurrently, an additional measure to support workers and the unemployed were extensions of unemployment benefits to the amount of €1 billion. Households were also supported via the GEFYRA I programme, which subsidized 118,841 loans of 75,370 beneficiaries, the total sum of government subsidies amounting to €119.6 million disbursed in six stages (from November 2020 to April 2021) (Ministry of Finance 2021). Yet another measure of aid to households was the increase in the number of heating subsidy beneficiaries. The amount of €71.5 million was credited to 536,612 beneficiaries.

Social dialogue

A new social dialogue framework

We have to say in advance that social dialogue (tripartite or bipartite) was particularly limited during the pandemic. Social partners had taken a lot of initiatives completely on their own, providing information to their members and their would-be members.

Within the framework of the pandemic response, there was an initial tripartite meeting between all national social partners and the Ministry of Labour which took place at the beginning of the crisis (10 March 2020) (Liberal.gr 2020). This broad meeting could have been used as a platform for enhancing the effectiveness of tripartite social dialogue since social partners had agreed with the government’s priorities to manage COVID-19. However, no other major meeting took place between social partners and the government since, apart from a teleconference with the Prime Minister on 12 May 2020, whose main focus was health and safety at work. After this teleconference, the government adopted and implemented measures unilaterally. Social dialogue existed insofar as there was restricted communication between the Ministry of Labour and some social partners when their advice was needed on minor legislative matters. There was no feedback between the Ministry and social partners concerning the measures taken on labour matters.

It is worth underlining that the Ministry of Labour has proceeded with separate consultations with some social partners to rectify some inexpediences or even problems that resulted from each legislative initiative. Regarding the matter of teleworking, the Ministry proceeded with a series of regulations without social dialogue. The pandemic emergency required immediate regulation and legislation for businesses to continue without disruption, to some extent. Therefore, teleworking was encouraged wherever it could be implemented. But the government did not contact the social partners regarding either employment or social policies. However, on 6 March 2020, National Social Partners representing the business sector (SEV, GSEVEE, ESEE, SETE) proceeded with a Joint Announcement for COVID-19 Coronavirus – Support
for Businesses and Workers (Sete.gr 2020). Subsequently, all social partners proceeded with separate information campaigns and actions, while they created specialized information platforms on their websites.8

Table 5. Social partners’ dedicated COVID-19 websites

<table>
<thead>
<tr>
<th>Social Partner</th>
<th>Website Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSEE</td>
<td><a href="https://gsee.gr/?cat=3393">https://gsee.gr/?cat=3393</a></td>
</tr>
<tr>
<td>ESEE</td>
<td><a href="https://commerce-coronacrisis.esee.gr/">https://commerce-coronacrisis.esee.gr/</a></td>
</tr>
<tr>
<td>SETE</td>
<td><a href="https://sete.gr/el/kentro-typou/covid-19-enimerosi/">https://sete.gr/el/kentro-typou/covid-19-enimerosi/</a></td>
</tr>
</tbody>
</table>

Government and social partners’ perceptions of their roles during the pandemic crisis: towards an emergence of multiple hybrid dialogues?

The pandemic has highlighted the weaknesses and historical inadequacies affecting social dialogue in Greece (Aranitou and Yiannakourou 2004). In other words, the crisis has not transformed its structure or its distinctive characteristics. Thus, now may be an appropriate time to investigate the quality and efficacy of social dialogue within the framework of the crisis, potentially allowing a better understanding of the interaction between entities and their institutional dynamics.

The remainder of this report is based on empirical research conducted from 27 June 2021 to 30 July 2021, which consisted mainly of semi-structured interviews with all social partners participating in national social dialogue (peak-level organizations of employees and employers), as well as with the Ministry of Labour and ESC (see annex 1). All these organizations as well as the Ministry of Labour reacted positively to our requests for interviews about social dialogue during the pandemic crisis in Greece. In most cases it was feasible to interview the respective presidents of the social partners’ organizations. In addition, often several experts joined the interviews which lasted from 60 to 120 minutes (see annex 2).

Government perceptions

From the government’s point of view, almost all measures are a product of full consent and dialogue with social partners. However, this perspective is not echoed by social partners. The two basic assumptions on which the government based its reactions were:

► the “horizontal character” of its impact on the general population, both employees and businesses
► a “crisis” demanding a “rapid governmental reaction”.

Overwhelmingly, the Greek government regarded the sequence of events from March 2020 until June 2021 as an exceptional situation that could not be addressed according to conventional policies and available political tools. As noted, the government pursued a first round of contact with social partners in a first phase from March to April 2020, as documented in the interviews with social partners for this project. However, their hope for continual social dialogue was soon abandoned.

The government’s reaction was based on mitigating the risks that seemed to threaten the “supreme commodity” of public health. Having to deal with both the health and socio-economic dimensions of social distancing measures, various patterns of exemption and deviance from the usual political function emerged, whereby “efficiency” and “immediacy” allowed for the fulfilment of specific and diverse goals. Legislative acts and their enabling provisions were voted on weekly, together with a litany of ministerial decrees, that treated social groups and the production industry in different ways. Therefore, contrary to the peak-level organizations that participate in institutionalized social dialogue and sign the General National Collective Agreement; see inter alia Aranitou and Yiannakourou 2004.
to widespread expectations, the fields, sectors and mechanisms of tripartite consultation with tertiary organizations and recognized social partners were gradually abandoned.

The mode of dealing with the productive and working aspect of the crisis on a sectoral level has been assessed in different ways by the government and social partners, on the one hand, and by each social partner independently, on the other. Governmental choices led to an implicit shift from the tripartite structure of social dialogue to a circumstantial and fragmentary bilateral negotiation between the government and peak-level organizations of employees and employers mainly on a sectoral level. In the name of “efficiency” and “urgency” on decision-making, an informal mechanism of “constant and circumstantial consultation” has been established. This procedure does not resemble a structured social dialogue but can be characterized as sui generis “hybrid dialogue”. In conclusion, a structured consultation among social partners and the government has been abandoned in favour of an embedded, fragile and informal dialogue with any kind of pressure/interest group, whether tourist agents or restaurateurs. In reality, there was no PLSD to design (and implement) crisis measures or solutions. As Papadakis, Mexi and Cauqui rightly observe, “bilateral interactions – either between government and employers or between government and workers – were observed [...] These interactions facilitated information sharing, allowing the government to collect requests and proposals from either workers’ or employers’ organizations” (2020).

**Employer perceptions**

According to their institutional role and social responsibility, employers’ organizations released a joint statement on 6 March 2020, in which they invited all businesses and employees to contribute to their maximum ability in order to control COVID-19. The employers’ main priority was strict compliance with hygiene rules in the workplace, as well as with the guidelines provided by the National Public Health Organization9 and the European Centre for Disease Prevention and Control. Moreover, in synch with measures against spreading COVID-19 and smooth business operations, employers’ organizations encouraged their members to be flexible about the time and place of work, as well as facilitate any leave of absence in cases of emergency family obligations related to closed schools and nurseries and so forth.

However, most employer bodies, including GSEVEE and ESEE, pointed out the ad hoc nature of this constant bilateral consultation, which had a variety of effects on employees, employers, professionals and small businesses. The government’s focus on risks and problems per sector restricted the ability of tertiary employees’ organizations, as well as of organizations representing small businesses, to intervene.

Worryingly, the government supports and plans its policy solely on sectoral terms, without any kind of distinction between employees and employers. According to the Ministry of Labour, the fields that need to be supported are “tourism, food service, retail and culture”. Therefore, the measures applied do not focus on the different needs of employees and employers. Employees have access to income support according to the field of activity of the business for which they work. This is how the concept of “affected business” occurs, which is the main criterion to qualify for support measures. Thus, on the one hand, employees of an “affected business” qualify for a substitute income allowance (€540), provided by the state regardless of their official salary; on the other hand, businesses receive a government subsidy and liquidity on favourable payment terms (e.g. “repayable loan” programmes). In this case, there is a major inconsistency in governmental narrative: the “sectoral approach” of aid measures mainly concerns non-sectoral aid tools addressed to all employees, professionals and affected businesses of the private sector with an extremely restricted sectoral specialization.

Employers’ organizations have a range of views on the decision-making regarding the measures and their impact on the content and extent of any subsequent social dialogue. They underline the importance of different governmental responses per production field and/or revenues. In general, employers’ organizations such as the Hellenic Confederation of Professionals, Craftsmen & Merchants (GSEVEE) and the Hellenic Confederation of Commerce and Entrepreneurship (ESEE) seem to strongly criticize the sectoral approach here: they believe it to be arbitrary regarding sectoral assets and they have proposed

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9 See: https://eody.gov.gr/neos-koronaios-covid-19/
some risk assessment measures such as turnover decline. The sole exception is the Greek Tourism Confederation (SETE), which seems to view positively the informal and bilateral character of consultation.

Some employers’ organizations, mainly GSEVEE and ESEE, appear to support traditional forms of consultation and social dialogue based on the institutional provisions of national collective agreements. The Hellenic Federation of Enterprises (SEV) adopts a more intermediate tendency, which embraces flexible forms of social dialogue being endorsed by the government, but also underlines the validity of traditional bipartite consultation as expressed through national collective agreements. Social partners, on the eve of the Greek economic crisis (2008–2018), referenced the 2018 National General Collective Agreement for the establishment of a permanent Forum for Social Dialogue.

Workers’ perspective

The GSEE distanced itself from the employers’ organizations by strongly underlining the difference in salary inequities, both on a comparative and absolute scale. GSEE representatives have highlighted the fact that the impacts of the pandemic on low-paid workers differ greatly, independent from the sector in which they work. For example, food distributors faced difficult labour conditions due to the social distancing of lock downs.

Regarding salaried employees and unemployed workers, employees’ representatives noticed that government strategy extended to treating them as just a parameter of businesses’ revenue losses by covering payroll and social insurance charges and employers’ contributions. Employees’ representatives have observed that when estimating the measure of the suspension of employment contracts and the relevant special-purpose compensation provided to employees, it was not based on covering the real needs of employees but on minimizing risks regarding payroll and insurance expenses.

According to employees’ representatives, restart periods were when unemployment rates went up as a result of the social distancing measures, as well as when inefficiencies in the existing support measures for unemployed and workers in precarious positions became glaringly apparent. Regarding salary substitution, there was an extension of the measure on the suspension of employment contracts which was used, and is still being used at least for some sectors, as an informal allowance for non-formally registered unemployment.

Social partners’ evaluation of government policy

In order to present social partners’ evaluation of government policy, we classified these policies in three broad levels:

- Social distancing measures to restrict the spread of COVID-19
- Employer and employee support to counterbalance the negative effects of social distancing in the economy
- Restart of social and economic relations

First, all social partners acknowledged the necessary character of social distancing measures as a unique means to control the pandemic. These measures were the result of impartial scientific reports produced by the Public Health Experts Commission. During the first phase of the pandemic and until the summer of 2020, there was generally a consensus as to the necessity of social distancing measures, with no particular changes.

Since the implementation of the first social distancing measures in March 2020, it was clear that government strategy was based on the support of specific business sectors and was not motivated
by other criteria such as income loss. The notion of “the affected enterprise” was the cornerstone for the majority of measures.

Thus, the measures did not refer to specific groups of people but specific business activities according to their exposure to economic risk. Therefore, the main goal was to counterbalance the economic and financial losses caused by a low turnover in specific business activities, the categories of which were chosen unilaterally by the government. Moreover, it must be noted that, according to employers’ organizations, the categories of “affected businesses” were defined upon sectoral assumptions and not specific data (i.e. turnover). For example, supermarkets in tourism regions largely affected by COVID-related travel restrictions were excluded from government support measures.

According to social partners, since September 2020 and mainly after November, the consensus regarding health measures started to erode since the consonant economic and social policies appeared to be no longer effective, evidenced in a rise in cases, hospitalizations and deaths. Therefore, during the next stages of the pandemic, there were constant modifications and changes – what the government referred to as “refinement”. Employers believed that the aid measures for businesses based on their business activity code number narrowed down the number of affected businesses. Additionally, this policy resulted in an arbitrary selection of sectors to be supported. Therefore, there was a suggestion to use turnover decline and differentiate aid accordingly till the end of the year, while measures should have focused on supporting liquidity and reducing salary costs. According to social partners, these variables were crucial for the sustainability of both businesses and employment.

Employers’ organizations have underlined the fact that the government had a limited understanding of important variables on how the market of goods and services works. Specifically, a few important variables include: seasonality, supply chain operations and fluctuations in trade activities and services, which caused constant problems for the implementation of counterbalancing measures, thus creating a fertile ground for dispute between employers’ organizations and government. Almost all interviewees agreed that the approach to planning and implementation of economic measures by the government was “trial and error”. Sectoral federations and specialized trade unions tried to set up direct channels of bilateral communication with the government to pursue improvements and favourable amendments on governmental decrees according to their interests. Together, these circumstances describe the “hybrid dialogue” mentioned earlier. Essentially, this situation could have been avoided, had social dialogue in the form of consultations performed its role properly.

In contrast to health measures to constrain the pandemic, whereby government tried to adopt the specialized knowledge of medical experts, economic measures were not applied with the same rigour.

The government, instead of improving social dialogue to address asymmetries in its “knowledge” regarding market functions, followed an institutionally loose and vague network of bilateral communications among various organizations. Each organization responded ad hoc to individual requests, with a limited ability to assess overall how individual factors interacted with their cumulative results.

According to interviewees, the lack of overall and well-grounded supervision became even more apparent during the restart of social and economic activity. During that stage, the lack of knowledge and understanding of the real operational conditions of the market that could be mitigated by a constant and systematic social dialogue resulted in a plethora of regulatory provisions and constant amendments, which contributed to an uncertain resumption of business operations. Secondary
federations and other smaller institutions of collective representation – local/regional, geographical – demanded “reforms” by applying pressure on an opportunistic and case-by-case basis.

Table 6. Characteristics of both models of social dialogue, as coded through interviews with social partners’ representatives

<table>
<thead>
<tr>
<th>Structured social dialogue</th>
<th>Flexible forms of dialogue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social partners discuss a collectively predetermined agenda.</td>
<td>Dialogue is fragmentary and is based on current affairs.</td>
</tr>
<tr>
<td>Social dialogue is conducted through the principle of tripartism and includes employers’ organizations, trade unions and government.</td>
<td>Dialogue can be conducted between the government and employees’ and employers’ organizations on a separate and distinct basis.</td>
</tr>
<tr>
<td>The role of peak-level institutions is institutionally guaranteed.</td>
<td>The government chooses the institutions, form and agenda of the discussion.</td>
</tr>
<tr>
<td>Social dialogue has an official public character.</td>
<td>Dialogue has the nature of informal meetings with restricted public visibility.</td>
</tr>
<tr>
<td>Social dialogue follows a specific timeline and its duration depends on the importance of the issues to be discussed.</td>
<td>Dialogue takes place under specific conditions.</td>
</tr>
<tr>
<td>Scientific knowledge of the market (on a local and regional level) is important and is generated by the social partners’ research institutes.</td>
<td>Information and knowledge of specialists are sporadically used, without any systematic processing.</td>
</tr>
<tr>
<td>The implementation of the agreed employment policies is evaluated during social dialogue and is based on reliable methodological tools.</td>
<td>Employment policies are evaluated solely by the government and its officials.</td>
</tr>
<tr>
<td>Communication technologies contribute to social dialogue, but they do not define its form.</td>
<td>Technology is considered a vital factor of the “interactive” character of new flexible forms of social dialogue.</td>
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</tbody>
</table>

The role of ESC during the COVID-19 crisis


The “Greece 2.0: National Recovery and Resilience Plan” is one of the highlights of the pandemic period, at least as far as European solidarity is concerned. Greece’s Deputy Minister of Finance was responsible for putting forward a consultation on the strategic directions of the plan. To be more specific, the plan was posted on 25 November 2020 (12:00) and remained open for discussion until 20 December 2020 (17:00). The consultation was held in three stages: (a) 45 electronic interventions were submitted to OpenGov, (b) eight written interventions were sent to the Ministry of Finance10 and (c) the Economic and Social Committee (ESC) held the relevant consultation among its members and sent a respective memorandum.11 As far as political intervention is concerned, the “Greek Recovery and Resilience Plan” is based on the report of the “Pissarides Committee”, on which the social partners had sent their memos

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10 (1) Economic and Social Committee of Greece (ESC), (2) General Confederation of Greek Workers (GSEE), (3) General Confederation of Professional Craftsmen Merchants of Greece (GSEVEE), (4) Research Laboratory of Social Administration/School of Administrative Economics and Social Sciences, University of West Attica, (5) Hellenic Union of Institutions for Occupational Retirement Provision (HUIORP), (6) Supreme Confederation of multi-child parents Greece, (7) Association of Passenger Shipping Companies (ΕΕΕΝ), (8) SBC Greece.

11 The Economic and Social Committee consists of three groups: Employers (Group A), Employees (Group B) and Other Categories (Group C).
directly to the Prime Minister’s Office. Social partners such as GSEVEE, ESEE and GSEE published their relevant opinions with remarks and proposals on the final version of the report (GSEVEE 2020).

Later, the main pillars of the “Greek Recovery and Resilience Plan” were based on suggestions included in the final version of the report; this plan will be the Greek version of the Recovery and Resilience Facility. More specifically, the Recovery and Resilience Plan is a development plan different from the rest of its regional development programmes (e.g. NSRF). The plan includes actions with specific objectives concerning resource distribution for digital transformation (20 per cent) and green transition (37 per cent), which do not allow much flexibility in member states’ plans.

As far as the “Greek Recovery and Resilience Plan” is concerned, it includes programmes funded by the European Union, with €19.4 billion earmarked for grants and €12.7 billion for loans. More specifically, grants are distributed as follows in table 7.

Table 7. Indicative distribution of grants by the Recovery Fund

<table>
<thead>
<tr>
<th>Pillars</th>
<th>Amounts (in € billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green transition</td>
<td>6.02</td>
</tr>
<tr>
<td>Digital transformation</td>
<td>2.13</td>
</tr>
<tr>
<td>Employment, skills and social cohesion</td>
<td>5.2</td>
</tr>
<tr>
<td>Private investment and transformation</td>
<td>4.82</td>
</tr>
<tr>
<td>TOTAL</td>
<td>18.2</td>
</tr>
</tbody>
</table>

According to table 7, almost 33 per cent of the resources will be allocated to the green transition of the Greek economy, in conformity with the timeline of the European Green Deal; 28.5 per cent will be allocated to employment reinforcement, workforce’s skills and social cohesion (due to COVID-19); 26.4 per cent will support the funding of private investments and the transformation of the economy, while 11.7 per cent will be allocated to digital transformation. In fact, according to the Public Consultation Report, published by the Ministry of Finance, the interventions were “in the majority, positive regarding the principle of the Plan and its main goals, recognizing the critical importance of the Recovery and Resilience Plan for our country in the years to come, as it offers a unique opportunity for the Greek economy and society”.

In this context, social partners participated in the consultation for the “Greek Recovery and Resilience Plan” through their memoranda sent to the ESC. Therefore, according to this element, there was probably a rather indirect social dialogue. Through consultation, the social partners expressed their general agreement with the basic directions of the plan but underlined the fact that the plan should “recognize particularly the needs of small and big businesses, of employees and vulnerable groups (such as people with disabilities)” (ESC Draft Opinion 2020). In particular, according to social partners, the plan should (a) support competitiveness of businesses and the Greek economy’s dynamic sectors, (b) safeguard sustainable economic activity concerning technology and environment, (c) contribute to education and training according to labour market needs, (d) facilitate the quick administration of justice, (e) upgrade the public health system and (f) contribute to the preservation of social cohesion.

In the above context and according to ESEE and GSEVEE’s remarks, the important role of medium-sized enterprises on real economic reinforcement should be emphasized during the plan’s

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13 Public Consultation Report for the Strategic Directions of the Greek Recovery and Resilience Plan, p. 3.
implementation. As ESC’s draft opinion points out, “it is necessary to have a set of actions that will help SMEs not just maintain, but also increase the value-added of their products through collaborations, clusters, product diversification, production, novelty and modern marketing” (ESC Draft Opinion 2020).

Moreover, many suggestions collected during consultation were included in the final “Greek Recovery and Resilience Plan”, or Greece 2.0. In particular, the Greek plan includes suggestions concerning the green and digital transformation of businesses, collaborations among enterprises and reforms to vocational training. All social partners would agree that social dialogue’s role is crucial during the next stages of the National Recovery and Resilience Plan to monitor the implementation and evaluation of socio-economic consequences following the execution of the plan and to make proposals aimed at enriching the plan, as appropriate.

**New labour law reform**

An additional (and important) aspect of social dialogue amid the pandemic was the consultation related to the new labour bill.14 This bill had two major parts. On the one hand, in terms of labour relations, it proposed greater flexibility in the labour market, reduced social protections for workers and a weakening of their collective representation. On the other hand, the bill introduced a series of regulations related to (a) alignment with the country’s international obligations and (b) incorporation of relevant European directives in order to modify national regulations on individual and collective labour law. This was the reason why, for the articles concerning the integration of international treaties and European directives, there was a broad consensus, while for the changes in the labour relations, there was a significant conflict.

In particular, some important components related to the bill and introduced (either indirectly or directly) into social dialogue are the following:

- Reform of labour legislation and simplification of labour law in order to increase the number of working positions and promote participation in the labour market
- Reform of active labour market policies (ALMPs)
- Reform of passive labour market policies (PLMPs) and transition from unemployment to employment
- Social integration of vulnerable groups in order to increase access to effective and inclusive social policies
- Support of people with disabilities
- Child care facilities within the workplace
- Reform of Vocational Education and Training

The bill was put under consultation through the OpenGov platform, where 843 comments were submitted, while the ESC was also asked to submit its opinion, as stated by law. As in the case of the “Greek Recovery and Resilience Plan”, social partners participated in the consultation for the labour

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bill through their interventions and memoranda sent within ESC's framework. Therefore, yet again in the case of the labour reform bill, a rather indirect and non substantial social dialogue took place.

A dialogue was carried out within the ESC's internal bodies during the advisory procedure. However, at the level between ministry and social partners, it is no coincidence that smaller employers' organizations (GSEVEE, ESEE) were mostly satisfied, while the GSEE expressed its discomfort regarding the dialogue conducted in relation to the bill.

Such an ascertainment is also reflected in the ESC’s opinion, which reports, “The legislative authority should have set an extensive consultation framework with social partners and all interested parties.” In particular, the ESC underlines the potential risk of a fragmentary social dialogue by stating: “Our past experience in fiscal and debt crisis has proven that the uneven implementation of social and financial policy measures without social dialogue leads to misguided policy affairs and non-optimal results on economic growth.” According to the ESC’s opinion, a more thorough social dialogue could (a) contribute to social consent, thus improving the legislative regulations in the right direction, (b) clarify some aspects of the bill which may make effective trilateral cooperation more difficult, (c) re-evaluate regulations that do not align with the pandemic/post-pandemic period, (d) maximize the potential (good practices) stemming from European and international experience in the implementation of similar legislative regulations and (e) contribute to the reinforcement of the Greek economy’s productive and competitive advantages.

In its 60-page opinion, the ESC has agreed with the bill’s articles incorporating international conventions and European directives into the national labour law. It has also brought to the surface the articles that required important nomotechnical improvements and underlined the need for revision of some important aspects of the labour bill in order to ensure widespread social consent within a challenging post-pandemic period. In particular, the ESC has agreed with adopting ILO’s Convention No. 190, but pointed out that this choice should be combined with an informative policy in the labour market, along with control and compliance with active policies of conflict resolution in the workplace. Furthermore, the ratification of the ILO’s Convention No. 187, as well as the incorporation of Directive (EU) 2019/1158 of the Council of 20/06/2019, were well received by social partners, who, however, did point out that the consultation framework was very restricted.

**Conclusion: COVID-19 and social dialogue crisis**

The notion of social dialogue in Greece has been considered an important element of public discussion for the last 30 years. Social dialogue is also a formally institutionalized component of socio-economic governance, but the dominant historical framework of political and social competition has not allowed for the inclusion of social dialogue as a structural element of social formation.

However, during the last three decades, there was an attempt to create an elementary institutional framework for dialogue based on scientific knowledge and facts. This attempt was significantly slowed down by the implementation of Economic Adjustment Programmes (EAP) in the past decade, which restricted the scope for dialogue and the range of social partners’ interventions, both in Greece and other EU member states (Papadakis and Ghellab 2014). Therefore, it is important to understand

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16 ESC's opinion on draft law “For Employment Protection”.

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that the pandemic has appeared within a framework of institutionally atrophied and restricted social dialogue, as noted by representatives of the peak-level organizations of private sector employees.

According to the above information, we may conclude that, during the COVID-19 pandemic, the institutional social dialogue between social partners and the government was minimal and consisted mainly of bilateral interactions between government and employers and government and trade unions. This type of government-led indirect consultation with each social partner could be defined, at best, as “hybrid dialogue”.

At the same time, apart from monitoring the results of social dialogue, it would be important to wonder how the concept of “social dialogue” is understood by various social partners and how this different understanding depends on each partner’s perspective. We have narrowed down our categories into two broad analytical axes, which are systematized by our analysis of the interviews conducted for this study.

First, an opposing pair: “structured social dialogue” versus “flexible processes of social dialogue”, which shows the contradiction between traditional and “flexible” forms of social dialogue.

Second, a dialectical category: a “sectoral” versus “institutional” approach, which refers to how much employees, businesses and professionals are included in a common framework of dialogue, taking into account their distinct place within the dominant production standard.

We may observe that the two dialectical categories mainly result from an inadequate ability to retrieve and process the knowledge of real operational conditions of the market.

The government’s “sectoral” approach resulted in a fragmentary perception of the relations between production sectors and business activities. An insufficient communication with social partners’ organizations on the peak level and the preference for direct communication with secondary associations of representatives (per sector and professional activity) may result in a clientelist version of social dialogue.

The preference for “bilateral” consultation, by excluding peak-level organizations (either employers or employees), weakened well-established networks of information exchange and the formative framework of a common perception regarding the function of the economy. For almost all interviewees, the option of a more “flexible” or “interactive” way of negotiation essentially deprived them of a useful and pluralistic institutional framework that is necessary among employees, employers and government. Moreover, an inadequacy to predict the future due to limited systemic perceptions and a lack of up-to-date knowledge resulted in the creation of a precarious atmosphere around government policy-making.

Both the pandemic crisis, as well as the period that shall follow, require reinforcement of the effectiveness of tripartite social dialogue, as its role is crucial for contributing to the formulation of creative and novel responses.
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4

The case of Lithuania

Eglė Radišauskienė
Introduction

Social dialogue in Lithuania can be described as well-functioning tripartite discussions and information sharing involving workers, employers and state institutions with the aim of balancing the interests of workers, employers and state institutions. In contrast, bipartite dialogue between employers and workers can be defined as those negotiations, consultations and joint actions covering working conditions mainly at the enterprise and branch level, which reconciles their interests and contributes to social cohesion.

This case study aims to investigate and understand the role of social dialogue during COVID-19. Mostly qualitative in nature, it sought input from questionnaire respondents (see the annex) and interviews focused on the perception of social dialogue's role in the decision-making process and the real outcomes during the pandemic.

Respondents from state institutions, civil servants and politicians as well as the representatives of trade unions and employers' organizations have participated in the case study. Moreover, for a broader picture, representatives from non-governmental organizations and experts working in the field of social policy also were interviewed.

Institutions of social dialogue

The essence of social dialogue is established in the Constitution of the Republic of Lithuania, where the state, fulfilling its functions, has the obligation to act on behalf of society as a whole. The Constitutional Court of the Republic of Lithuania has ruled that the state must ensure the cooperation of the subjects of labour relations based on social partnership and to preserve the rights of employees (Resolution of the Constitutional Court, 24 September 1994). This doctrine is encrypted in the Labour Code of the Republic of Lithuania (hereafter, Labour Code), newly adopted in 2016 (previously, the Labour Code of 2002), and it is defined as a cooperation between trade unions and employers' organizations at the bilateral level, and among trade unions, employers' organizations and government at the tripartite level. In the last decades, Lithuanian social partners have been creating a new culture of social dialogue with the help of tripartism, but regardless of their active role, the relevant decisions have been based mostly on the unilateral position of government rather than on the mutual agreement of all parties involved.

Social partners have a role in influencing policy-making, contributing to wage developments, local competitiveness and employment standards as well as broader economic and social policies. Therefore, their role in collective bargaining, consultation and information processes, especially tripartite social dialogue is immensely important in Lithuania. Nevertheless, social dialogue functions as the main avenue for developing mutual trust and a better social environment in the country, despite tension among social partners to preserve their autonomy and to ensure sufficient representativeness. Social partners have a mandate to participate in policy-making and to be a part of it; however, their involvement is usually of a more advisory nature. The new normal of social dialogue, with a constant connection between social partners and government, is not common practice in Lithuania – as indicated by respondents during the interviews. The government takes part in either tripartite or bipartite social dialogue, and only becomes directly or indirectly involved in the process regarding labour, social and economic matters.

Tripartite social dialogue is based on the Tripartite Council of the Republic of Lithuania (hereinafter – the Tripartite Council) and a variety of other established tripartite institutions, such as commissions, councils or working groups. For instance, the Commission on Labour Relations and the Health and Safety at Work Commission are two constant tripartite bodies working on employment, labour or occupational safety and health issues. Moreover, tripartite councils are present in many municipalities, but some are inactive regarding local social policy developments.

Relying on international experience, Lithuania gives more power to social partners to both regulate labour relations and lessen the imperative influence of the state. Government supports the principle of shared
responsibility with social partners, and the political will to increase the role of the social partners in the
decision-making process with respect to labour and social relations is ensured through tripartite dialogue.
Tripartite social dialogue in Lithuania is strong, especially the role of the Tripartite Council – the highest
social dialogue institution – where social partners, together with government, provide policy inputs
during policy formulation, in order to make a tangible impact on policy outputs. It was established in
1995 by a tripartite agreement concluded among trade unions, employers’ organizations and government.
Currently, the legal framework of the Lithuanian Tripartite Council is set forth in the Labour Code. The
Tripartite Council is formed for a term of four years and consists of 21 members: seven representatives
delegated by national-level trade unions, seven representatives delegated by national-level employers’
organizations, and seven representatives delegated by the Government of the Republic of Lithuania. The
requirements for trade unions and employers’ organizations seeking to delegate their representative to
the Tripartite Council (box 1) are determined in article 186 of the Labour Code.

Box 1. Tripartite Council

Article 186 establishes the conditions by which
organizations may have the status of a legal
person: to have at least five employees working
under employment contracts and at least
three continuous years of operations to prove
their managerial and administrative abilities;
another requirement is to be a member of
an international trade union or employers’
organization. Seeking to increase transparency,
security and reliability, the organizations shall
have no conviction against them in effect and
to have no bankruptcy orders or out-of-court
bankruptcy proceedings implemented against
them, and there may not be any intention to
seek forced liquidation proceedings or
an arrangement with creditors. A further
precondition – including no tax arrears to
the state budget of the Republic of Lithuania,
municipal budgets or funds for which taxes
are administered by the State Tax Inspectorate
(except for cases where the payment of taxes,
late fees or fines has been deferred or a tax
dispute is pending regarding unpaid taxes,
late fees or fines), and any other debts to the
budget of the State Social Insurance Fund –
ensures the credibility and financial potency of
organizations. Moreover, in order to have the
minimum requirement for representation, it is
demanded for trade unions to unite at least 0.5
per cent of the people working in the territory of
the Republic of Lithuania under an employment
contract or on the basis of other legal relations
deemed the equivalent of employment relations
as specified in the Republic of Lithuania Law
on Employment; employers’ organizations must
have members (employers) who employ at least
three per cent of employees under the same
terms. Equally important for representation
is the criteria to have structural divisions in
different sectors of economic activities, or to
operate in the territory of at least two-thirds of
the counties of the Republic of Lithuania. The
revision of adequacy of the criteria is reviewed
by the Ministry of Social Security and Labour.

Currently, the Tripartite Council is represented
by public authorities: the Ministry of Social
Security and Labour (two members); the
Ministry of Economy and Innovation (two
members), the Ministry of Finance (two
members) and the Office of the Government
of the Republic of Lithuania (one member);
three central (republican) organizations of
trade unions: the Lithuanian Trade Union
Confederation (three members), the Lithuanian
Trade Union “Solidarumas” (two members),
the Lithuanian Trade Union “Sandrauga” (two
members); six employers’ organizations: the
Lithuanian Confederation of Industrialists
(LPK – two members), the Lithuanian Business
Employers’ Confederation (LDK – two members),
the Chamber of Agriculture of the Republic of
Lithuania (one member); the Association
of Lithuanian Chambers of Commerce, Industry
and Crafts (one member), the Association
“Investors’ Forum” and the Lithuanian Business
Confederation (LVK – one member).1

1 Resolution of the Government of the Republic of Lithuania regarding the Adoption of the Composition of Tripartite Council
7e16a6495e98c?positionInSearchResults=0&searchModelUUID=55238fb1-f6b7-458a-9893-a2939f51010e
The importance of the bipartite dialogue between Lithuania’s national trade unions and government has grown in recent years as more and more sectoral collective agreements have been concluded in the public sector and negotiations on a national collective agreement have been held annually since 2018. Government plays a crucial role in strengthening mutual trust and ensuring social peace by stipulating the guidelines of social dialogue, recognizing social partners, developing relevant discussions and indicating the scope of the dialogue. This becomes even more important when society faces socio-economic issues that need both urgent and commonly accepted solutions. Our interviews support this idea, as 95.7 per cent of the respondents indicated that it is obligatory to consult with social partners during a crisis as it helps to maintain social peace. The majority of the respondents – 70 per cent – participate in different bilateral or tripartite institutions; almost 10 per cent represent the Tripartite Council during the pandemic.

Despite improvements in the bipartite dialogue between trade unions and employers’ organizations, social dialogue remains quite weak and largely confined to the public sector, as most trade union members work in public institutions. It is worth underlining that collective agreements are applied only to trade union members in Lithuania. According to data of the Ministry of Social Security and Labour, as of 13 October 2020, 322 valid collective agreements were registered in the Register of Collective Agreements (table 2), of which 305 collective agreements were signed at the enterprise level. Moreover, 91 collective agreements were concluded in the private sector, and the remaining 214 were concluded in the public sector. Lithuania’s national collective agreement and 11 sectoral collective agreements (from a total of 13) were also valid in the public sector in 2020.

All in all, social dialogue with trade unions is much more effective in the public sector as the majority of trade unions represent public sector employees.

Box 2. Collective agreements

Currently, 269,326 employees are covered by collective agreements. The data shows that social dialogue is weak at the territorial level, and only some municipalities stipulate it.

Figure 1. Number of collective agreements added to the Register over one year by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector</td>
<td>16</td>
<td>26</td>
<td>45</td>
</tr>
<tr>
<td>Public sector</td>
<td>37</td>
<td>115</td>
<td>62</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Private sector</th>
<th>Public sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>16</td>
<td>37</td>
</tr>
<tr>
<td>2019</td>
<td>26</td>
<td>115</td>
</tr>
<tr>
<td>2020</td>
<td>45</td>
<td>62</td>
</tr>
</tbody>
</table>
During the pandemic the voices of workers and their organizations about the right to join trade unions, especially in the private sector, were barely acknowledged, and engaging in private sector negotiations was denied. Our interviews indicate that attempts to negotiate were triggered by workers’ uncertainty about their future employment. From the 41,655 companies inspected by the State Labour Inspectorate (SLI), employees’ interests are represented by work councils in 5,092 enterprises and by trade unions in 1,310 enterprises. SLI does not furnish any information if work councils cooperate with trade unions in enterprises, but interviewed trade union members indicated that dialogue was weak. These two representative workers’ bodies compete at the enterprise level, and disagreements became more pronounced during both lockdowns. This revealed a lack of mutual trust between workers’ councils and trade unions, weakening the representation of their interests, especially workers’ collective rights (box 3).

**Box 3. Requests on labour disputes**

Data of SLI on the labour disputes commissions’ work of 2020 showed that from 7,044 received requests only 57 were regarding collective disputes over rights; the vast majority were individual disputes. The same tendency is observed in the first half of 2021: from 2,284 received requests only 29 were regarding collective disputes over rights.

**Source:** https://www.vdi.lt/Forms/Tekstas1.aspx?Tekstai_ID=2734.

### Institutions of social dialogue during COVID-19

In the interest of public health, COVID-19 pandemic measures included restrictions on the size of gatherings, a ban on the operation of temporary vendors in malls and supermarkets, and social distancing at work and other obligations regarding occupational safety and health.

With the announcement of a first lockdown on 16 March 2020, the government set forth a state-level working group to coordinate emergency support measures for businesses (hereafter, the coordination group). A real help for the Prime Minister and government, the coordination group brought together business representatives and their government counterparts, the Ministry of Finance, the Ministry of Economy and Innovation, the Ministry of Social Security and Labour and other state institutions. For instance, in its consultation with the coordination group, the government agreed to ban temporary vendors from shops, supermarkets and points of sale and service. Shops, supermarkets, markets and other public points of service also were advised to refrain from short-term sales promotions that increase customer and visitor flows. Meetings were held once a week at the beginning of the crisis, and once it eased off, they became fortnightly. The non-binding input of social partners, based on voluntarism, evolved into a framework for actions during the lockdown which was set by the government and gained a new obligatory shape, where all parties to social dialogue shared responsibility for the consequences of the adopted regulations.

With the announcement of a second lockdown on 7 November 2020, a newly appointed Prime Minister formed a new advisory council of independent experts to manage the proposals on

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COVID-19. The advisory council consisted of healthcare professionals, two representatives of the largest employers’ organizations, one representative from the national trade union and representatives of state institutions. This new shape given to social dialogue, involving healthcare experts and fewer representatives of trade unions and employers’ organizations, was chosen by the government. The advisory council aimed to consider and submit government proposals for the application and implementation of COVID-19 prevention, diagnosis, treatment and other pandemic management measures. With the creation of this new council, as reported by social partners, the dynamic shifted: they were simply informed and rarely consulted about most of the policies put in place. They were basically pushed aside, and the principles of social dialogue were not observed.

During both lockdowns, the government set the agenda with social partners on labour, social and even health policies, and carried out ongoing consultations with them. As a result, 51 per cent of respondents indicated that the state ensured social dialogue during the first wave; correspondingly, during the second wave, just 34 per cent of respondents were satisfied with the state’s role in social dialogue. Still, 31.9 per cent during the first wave – and correspondingly 25 per cent during the second wave – were unsatisfied with the state’s involvement in social dialogue. The government tried to find a balance between the competing interests and to include social partners in the decision-making process; some 68 per cent of respondents expressed that the government partly took into account offers by social partners during the first wave, and correspondingly less, about 48 per cent, during the second wave. However, the fact that more than 46 per cent expressed that the government did not consider their proposals, which more than doubled compared to the first wave data – 21.3 per cent – revealed the weakening role of social dialogue. Lessons were not learned, tension in society increased and the lack of mutual trust between the social partners led to a deterioration in their relations, especially with trade unions. For example, the government individualized the issue of the low vaccination level in Lithuania with respect to labour policy; as a result it initiated obligatory vaccination or PCR testing periodically for certain professions that have direct contact with clients, e.g. medical doctors, nurses, hairdressers, beauticians et al. This proposal brought about significant protests, together with a loss in the balance between workers’ and employers’ interests.

The government showed that it could consult and cooperate with social partners during the coronavirus crisis by establishing new social dialogue platforms and holding meetings on a regular basis. However, as the results of the interviews indicate, while social partners recognized the exceptional circumstances and constraints imposed by the COVID-19 pandemic, they took the view that the government could have achieved better results and cooperated more openly and deeply with social partners in this area.

**General economic situation**

As the Bank of Lithuania (2021) observes:

In Lithuania, the economic fallout from the pandemic was less severe compared to many EU countries and the signs of economic recovery appeared in early 2021. In 2020, Lithuania’s GDP contracted by 0.8% – much less than expected following the onset of the crisis caused by the COVID-19 pandemic. The country’s GDP contraction was among the smallest across the EU member states (the entire EU economy plummeted by 6.1%). (...) In the first quarter of 2021, Lithuania’s real GDP increased by 1.8% quarter on quarter and by 1% on a year-on-year basis. This year, Lithuania’s economy is expected to grow by 5.1%. In 2020, during the first wave of the pandemic, the government reacted rapidly with a raft of state support measures for businesses and individuals. This successful performance, together with the stability of the country’s exports and little dependence on its most restricted and affected economic activities (such as accommodation and catering), helped to stabilize the economy and maintain economic growth.
During the second wave of the pandemic the number of people employed in Lithuania remained largely unchanged and then gradually increased in the first months of 2021. However, as expected, the labour market recovery was not as strong as the recovery of overall economic activity: data from Statistics Lithuania shows that the unemployment rate increased by 2.2 percentage points in 2020 year-on-year, to 8.5 per cent, hitting its highest level since 2015. Moreover, an interesting trend can be observed in data from Statistics Lithuania and the Employment Service (table 2): registered unemployment, according to data from the Employment Service, is almost double the unemployment rate. For example, in June 2021, the unemployment rate was 6.1 per cent; meanwhile the registered unemployment rate was 12.9 per cent. The explanation for this phenomena may be that individuals register in the Employment Service because of certain benefits, e.g. jobseeker's allowance, social assistance or health insurance, or because they are registered but still receive income from illegal or undeclared activities. Moreover, the demand for labour remains high, e.g. in July 2021, jobseekers were able to choose from 61,200 job offers according to data from the Employment Service.

Rising unemployment was driven by lay-offs in accommodation and catering services, trade and business services activities, as well as a high increase in unemployment among youth. The high unemployment rate also reveals gaps in Lithuania’s education system, for about 40 per cent of registered unemployed are unqualified or lack the competencies the labour market needs. In general, the situation in the labour market is highly competitive due to a lack of qualified personnel.

The majority of vacancies are for truckdrivers, loaders, office and hotel cleaners, sales people, advertising and marketing professionals, with continued demand for unskilled workers in construction.

Despite relatively strict restrictions on the activity of residents and businesses in the first months of 2021, economic activity in Lithuania has picked up. Manufacturing increased by 6.4% in the first quarter compared to the previous quarter. While most of the manufacturing sector branches have grown, the production of chemical products (mainly products used in the management of the pandemic) has been particularly marked, increasing by more than 29% during the quarter. The services sector also grew in the first quarter. Professional, scientific, and administrative and support service activities have increased. The volume of these activities has fallen dramatically during the recession and has only recently returned to the pre-crisis level.
Some other service-providing economic activities, such as real estate as well as information and communication activities, have also grown. The latter is currently demonstrating the highest activity, compared to the pre-crisis period (its current value added is almost 12% higher than in 2019). (Bank of Lithuania 2021)

However, not all sectors grew at the beginning of 2021, with some sectors functioning much worse than before the pandemic, especially catering (turnover dropped by more than 25 per cent at constant prices on a quarter-on-quarter basis), arts, entertainment and other related activities (turnover currently 21 per cent lower than in 2019). Despite severe constraints, a decline in wages during the pandemic was observed only in accommodation and food services, where wages remain almost four per cent lower than in 2019.

The current – and forecast – improvement in the economy’s performance is contributing to a rise in wages in both the public and private sectors. The crisis has reduced the scope and procedures of national social dialogue, particularly regarding labour market and social policy. Social partners’ involvement was soft and consisted mostly of providing information, advice and support to their members; they supported the implementation of various schemes put in place to help companies and workers, and this helped to maintain wage increases (box 4).

Peak-level social dialogue

Social dialogue is an important, effective measure for solving public social disputes that often arise in the process of a state’s socio-economic transformation, especially during crisis. From the first moment of lockdown, social dialogue helped to reduce tension among different societal groups. Listening to and working with business organizations in the coordination group assisted the government in adopting decisions that were acceptable to almost everyone. Moreover, the interaction between public authorities and social partners was driven by the national Tripartite Council and smaller tripartite councils under local municipalities.

The government expressed a political will to include social partners in decision-making. Trade unions and employers’ organizations were equally important in policy-making, and they willingly took:

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**Box 4. Consultations and negotiations between government and business on wage subsidies for furlough**

The Ministry of Social Security and Labour has introduced a new active labour market measure – a wage subsidy for furlough. Both employers’ organizations and trade unions supported the general concept of subsidizing wages during workers’ furlough. The idea was to help enterprises that had declared inactivity due to emergency or lockdown, and to subsidize at least their workers’ minimum monthly salary (€607 gross or €430 net).

State institutions were ineligible for subsidies, since they received support directly from the state budget.

The obligation to maintain the place of employment for at least three months was recorded in the laws to ensure that enterprises receiving state aid were not dismissing employees. The employers’ organizations were not satisfied with the additional burden because of the above-mentioned obligation, but the trade unions and the government insisted on the requirement to maintain job security.

Employers’ organizations were only partly satisfied with the outcome of the consultations; they supported the idea of paying subsidies based on an average per worker but not minimum salary. The support mechanism was based on the solidarity principle – employers who paid higher salaries were held to higher contributions from the state.

Subsidies were also made available to private enterprises, non-governmental organizations and associations that employ individuals with disabilities and other supported groups in the labour market.
responsibility to find and propose solutions for the negative consequences of lockdown. Alongside mutual work on COVID-19 issues such as health requirements, restrictions of activities, training and support schemes, work modernization and flexible work conditions, more generous support schemes for greening the economy were introduced.

The government did not perform evenly. The tentative condition of the health sector weakened social dialogue in the decision-making process; the government mainly concentrated on solving acute health issues, and to do so it needed support from employers’ organizations and trade unions. The questionnaires and interviews suggest that both social partners, especially trade unions, were unhappy with the scarcity of time allotted for consultation. However, in order to mitigate the negative effects of the crisis on workers, businesses and society as a whole, it was immensely important for the government to react quickly. Time pressure in terms of consultation and engagement during this period impacted the quality of social dialogue and, as a result, the involvement of social partners. In many cases, social partners were involved in the design and implementation of government support measures, but some were left out in the cold. Also, it was viewed unfavourably that the government tried to avoid consultations with social partners on legally binding procedures when adopting laws and other regulations not directly connected to COVID-19 (box 5).

Box 5. Cooperation with social partners under the Constitution of the Republic of Lithuania

Constitutional Court Ruling No. KT99-N9/2021, Case No. 5/2020 on the compliance of the Resolution (No. 1038) of the Government of the Republic of Lithuania of 16 October 2019 on amending the Resolution (No 99) of the Government of the Republic of Lithuania of 28 January 2003 on the approval of the rules on deduction, from income, of costs incurred as a result of travelling on official assignments with the Constitution of the Republic of Lithuania and laws, 7 June 2021:

The Constitutional Court has also held that, according to the Constitution, among others, Item 2 of Article 94 thereof, the Government, when passing its legal acts, must observe valid laws, including those that establish the procedure for the adoption of legal acts; otherwise, the constitutional principle of a state under the rule of law, implying the hierarchy of legal acts, and Item 2 of Article 94 of the Constitution, under which the Government executes, among others, laws, would be negated.

In this ruling, the Constitutional Court noted that the imperative of social harmony is enshrined in the Constitution; the Constitution gives rise to the duty of the state to ensure the cooperation of the entities of employment relationships on the basis of social partnership and to protect the rights of the employee. In view of the fact that, under the Constitution, among others, the constitutional principle of responsible governance interpreted in conjunction with the imperative obliging state institutions to serve the people, as consolidated in Paragraph 3 of Article 5 of the Constitution, the constitutional imperative of social harmony and the constitutional duty of the state to ensure cooperation on the basis of social partnership, as well as the requirements of openness and transparency of law-making procedures, presuppose the obligation of authorities exercising state power, when adopting legal acts regulating employment relationships and the related socio-economic policy issues, to involve the social partners - trade unions and employers' organizations - in the law-making process, among others, to have a consultation with the social partners on draft legal acts under preparation (among others, through the institutions established for this purpose).

Compliance with such requirements creates the preconditions for public confidence in the state and law and is a condition for the responsibility of the state authorities to the public.

During the health crisis, collective bargaining and negotiations on minimum wage increases, together with national and sectoral collective agreements, continued unabated, e.g. a national collective agreement, applicable only in the public sector on the basic amount of salary\(^4\) for public sector employees was signed 16 October 2020. This agreement covered both wage increases and supplementary social guarantees for trade union members (e.g. additional days for upskilling, training and health). Social partners’ priorities did not deviate during the pandemic: trade unions wanted to secure increases in salaries, along with better working conditions for trade unions’ members, while employers’ organizations were concerned about business and labour force maintenance. The questionnaire and interviews indicate that the level of unionization and the density of trade unions and employers’ organizations remain unchanged. Despite social dialogue showing some development in Lithuania, it can be inferred from constant wage growth\(^5\) that individual dialogue between employer and employee prevails (figure 3).

\[\text{Figure 3. State average wage, in Euro}\]

![Figure 3. State average wage, in Euro](image)

Source. Tradingeconomics.com

An analysis of collective agreements registered by the Ministry of Social Security and Labour\(^6\) reveal that 243 collective agreements included pay systems, but concrete provisions regarding wage setting were concluded only in 19 collective agreements. Moreover, 79 collective agreements have no provisions on payment at all. It is obvious that individual wage setting dominates in Lithuania, and even during collective bargaining the parties do not cover specific wage-setting in depth, preferring to avoid disputes.

During lockdown flexible labour conditions took precedence; however, only 14 per cent of collective agreements cover flexible working time regulation or individual regimes. The deregulation of collective wage institutions and the decentralization of collective wage setting to the enterprise level and even to the individual level led to the increase of wages and labour cost flexibility. The same

\(^4\) Basic amount of the salary is used for calculation of the salary of civil servants and employers in the public sector. Depending on position, it is increased by the coefficient indicated in the laws. See: https://www.e-tar.lt/portal/en/legalAct/c206117049e811ebd9f9e10e148c770


trend is observed in the regulation of work organization, especially when considering provisions on telework (mentioned in just 25 collective agreements) or part-time work (in 58 collective agreements).

The questionnaire addressed the issue of whether enterprises applied remote work and other flexible working conditions during lockdown, and as a result, almost 60 per cent responded that remote work was widely used. 36.2 per cent cited that individual flexible measures were introduced, while 76.6 per cent indicated that enterprises were actively consulting and informing employees. Cooperation increased mutual trust between employers and employees, and only a small number of dismissals were recorded: 83 per cent responded that no one was dismissed in their enterprise; and only 10.6 per cent of the respondents revealed that less than 50 per cent of workers were dismissed. Sharing responsibility and involving workers in decision-making strengthened dialogue at the enterprise level, and ultimately at the national level. As there was no national collective agreement on flexible working conditions, considering the best enterprise-level practices, the regulations and laws were adopted.

In general, collective agreements lack quality provisions on gender equality, stress or psychological violence at the workplace, and general references to the Labour Code dominate. Although social partners, especially tripartite institutions at the national level, tried to broaden the scope of dialogue to include more holistic issues, reality is something else. Best practises are formed at the enterprise level and are based on individual employment agreements with workers.

Regardless of weak collective bargaining abilities, social partners helped to stabilize the economy through their influence in negotiating an increase in minimum wage, basic amounts of salary increases and other measures combating income inequality, e.g. a jobseeker’s allowance. As indicated in the interviews, social partners’ experience could be used as a tool for solving policy problems, and the government ought to be more open to lead active information and consultation procedures. The government did not give social partners opportunities to have any real impact on a legislative process that was conducted in an extremely rapid manner.

As social partners underlined, such behaviour in the social dialogue process led to mistrust and avoidance. Social partners were unsatisfied with the quality of their involvement, mainly because of the government’s unilateral actions, even if they mostly agreed with its proposed measures, which aimed at stabilizing the economy and mitigating the negative effects of the pandemic in businesses and employment.

Our questionnaire spanned a variety of social dialogue matters, including beyond institutions created during the pandemic, and in doing so it revealed that the government was more cooperative with social partners during the first lockdown: 68.1 per cent of respondents specified that the government equally took into consideration employers’ and workers’ opinions. Results differ concerning the second lockdown and where dialogue with social partners weakened: only 36.2 per cent of respondents indicated that the opinion of workers’ representatives was important for the government, and 38.3 per cent of respondents positively evaluated the cooperation with employers’ representatives.

In general, the power balance is unequal, and this has a bearing on the opinions of social partners on social dialogue. For instance, trade unions report that both employers’ organizations and the government do not treat them as equal partners. This imbalance has a history: trade unions consistently demand to negotiate, while other parties with stronger power refuse to negotiate. However, employers’ organizations disagree that trade unions are hardly audible because the government usually tries to support workers’ organizations, e.g. negotiations on minimum wage (box 6).
The Labour Code obliges the government to consult social partners when adopting a new minimum wage. The procedures on setting a minimum wage are fraught and challenging for social partners, and the final decision frequently is taken by the government. On 21 September 2017, to depoliticize the setting of the minimum wage, the Tripartite Council decided that the ratio of the minimum wage compared to the average wage should not be less than 45 per cent and not be more than 50 per cent and it must correspond to the average of one quarter of the highest ratio of average wage and minimum wage of European Union member states. The amount of minimum wage is determined based on data published by the Statistical Council of the European Union for the last three years. On 23 September 2020, information from the Bank of Lithuania was introduced to the Tripartite Council: the ratio of average wage and minimum wage according to the calculation of the quarter of EU member states with the highest ratios – Slovenia (50 per cent), Portugal (49.3 per cent), France (47.7 per cent), Luxembourg (46.9 per cent) and Poland (46 per cent) – was 48.1 per cent. The Tripartite Council’s parties did not find consensus on minimum wage in 2021 because of differing opinions: employers’ representatives took the position that the consideration should be postponed, leaving the amount of minimum wage the same as in 2019 – €607; employees’ representatives proposed to increase minimum wage up to €663; the government – up to €642. Finally, a government resolution determined the amount. Compared to 2019, the Tripartite Council’s parties though had different opinions: employers’ representatives took the position that minimum wage could be raised up to €580; employees’ representatives – €607; the representatives of the government – €607, the final decision of the government was based on the consensus of two parties – employees and the state representatives. The same process was observed in the negotiation process in 2021 on the minimum wage amount for 2022, where the Tripartite Council (8 June 2021 meeting) did not reach consensus on a unanimous decision on raising the minimum wage. The parties expressed different views: some employers’ representatives believed the minimum wage review should be postponed, leaving €642 minimum wage amount, while other employers’ representatives proposed to increase up to €703 and to continue state assistance on post-pandemic business support measures; employees’ representatives proposed to increase up to €750 while others supported €703. After almost four months of waiting, at the end of September the government unilaterally introduced a new amount of €730, and on 13 October 2021 adopted the Resolution No. 834 on the national minimum wage increase and implementation from 1 January 2022. This decision on minimum wage was supported by the majority of trade unions; however, one national trade union “Sandrauga“ and all employers’ organizations criticized a process of improper negotiations and a lack of social dialogue to determine the national minimum wage. The Tripartite Council has the mandate in negotiating the minimum wage; nevertheless, since its opinion is not legally binding and is only of a recommendatory nature, it is expected that the government will put more efforts into keeping to the spirit of social dialogue.
questionnaire show that almost 33 per cent of respondents agree that wage subsidies were the most efficient of the support measures, ensuring income for citizens and avoiding waves of dismissals.

According to data from the Employment Service, on 1 January 2020, the number of unemployed was 150,000 people (or 8.7 per cent of the working-age population). In comparison with data on 1 January 2021, unemployment practically doubled and reached 277,000 unemployed (or 16.1 per cent). The registration of young people, together with long-term unemployed, increased the number. In reaction, social partners asked the government to allocate adequate finances for active labour market measures, especially vocational training, because about 38 per cent of unemployed were unqualified or lacked qualifications demanded in the labour market.

Practically the same measures of support were offered during both lockdowns, and only some changes were introduced, e.g. the amount of wage subsidies for employed people on furlough almost doubled – even employers’ organizations indicated that was far more generous than they expected. Restrictions on businesses were introduced, and since the second lockdown lasted for almost half a year, support measures were slightly amended without developing new tools. This offer was based on the political will of new members of parliament and introduced without any of social dialogue’s normal procedures, yet all related parties were satisfied.

The scope of tripartite social dialogue to cover other social issues and support measures was broadened, e.g. an allowance to self-employed individuals for a fixed amount paid from the Guarantee Fund to self-employed individuals who had paid social security contributions for at least three months during the previous year prior to the emergency declaration and lockdown. The amount was equal to the year’s minimum consumption needs (calculated annually, currently €257 per month). Representatives from small and medium businesses, especially those closed during the first lockdown, were unsatisfied with such small amounts of support. In response, the government informed social partners about the amounts paid in 2019 (table 1) to the social security fund by self-employed individuals, which averaged €73.1 per month, practically three times less than the introduced allowance.

Table 1. Amounts of social security payments, €/month

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of self-employed, thousands</th>
<th>Amount of social security contributions, mln/€</th>
<th>Average contributions per individual /month €</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>72.0</td>
<td>52.4</td>
<td>60.6</td>
</tr>
<tr>
<td>2019</td>
<td>86.0</td>
<td>75.5</td>
<td>73.1</td>
</tr>
<tr>
<td>2020</td>
<td>90.4</td>
<td>90.8</td>
<td>100.4</td>
</tr>
</tbody>
</table>

Discussions with the government on support for the self-employed were sharp, but here the main role was played by small and medium enterprises’ representatives. The issue was that the self-employed, including farmers, regularly pay less social security contributions, and during the pandemic they had to suspend their activities and were in real need of state support. A final decision on an amendment was taken by politicians, and as a result article 51 of the Law on Employment stipulated that benefits for self-employed was to be amended. Nonetheless, a scheme of individual subsidies, after evaluating applicants’ social security payments, was introduced and a flat amount of €257 was agreed upon. Although the decision was almost unilateral, social partners were satisfied

8 Data from the State Social Insurance Fund Board under the Ministry of Social Security and Labour. See: https://atvira.sodra.lt/en-eur/
9 Law on Employment, see: https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/1b66837368f911eeaa38bed97835ec4df6?positionInSearchResults=14&searchModelUUID=ad922bd5-764b-444b-86e7-eca7e7d0ecc3
with a result based on the principle of taxpayers’ integrity. Additionally, the government introduced a scheme for income compensation for the self-employed, which had to be a decrease no less than 30 per cent. Some 14.3 per cent of respondents confirmed the effectiveness of this measure during lockdown, as it helped the self-employed to maintain at least a certain amount of income. The dialogue between self-employed organizations and the government was tense but reasonable in its outcome.

The government and business organizations were active in discussing measures to sustain the liquidity of businesses. Flexible support measures – emergency tax loans, with deferred taxes or instalments under an agreed schedule, with no interest applied; the possibility to defer the payment of personal income tax; guarantees – were introduced. A compensation mechanism was adopted for small and medium-sized enterprises whereby between 50 to 100 per cent of the actually paid interest amount was deferred. Circling back to the questionnaire, more than 22 per cent of the respondents specified the effectiveness of the suspension of the recovery of tax arrears whereby taxpayers were exempted from paying fines and interest on late tax obligations. During the coordination group’s consultation process, other measures such as deferred personal income tax or utility charges were agreed. All in all, the dialogue with social partners ensured the conditions that helped to keep the liquidity of businesses and maintain jobs.

One of the most effective and helpful measures during the first lockdown was compensation of sickness benefit, for any worker (1) who had visited a country affected by coronavirus and who was obliged to self-isolate or (2) who was a caretaker of a child below fourth grade who, because of school closings, was in home school. Sickness benefit for the care of a child or disabled person was paid to parents, guardians, or working grandparents of the child or disabled person. The sickness benefit was 65.94 per cent of gross wages. In 2020, compared to 2019, there were 24,490 more insured who received sickness benefit (in 2020 – 269,550, in 2019 – 245,060). This proposal was initiated by the government and strongly supported by social partners because payment of these benefits was guaranteed from the State Social Security Fund and was acceptable to both employers and employees.

### Sectoral and territorial social dialogue

During the COVID-19 pandemic, additional opportunities to involve municipalities in the dialogue process were introduced. Both the coordinating group and advisory council tried to involve municipalities in the ongoing dialogue. Recommendations to exempt taxpayers from commercial real estate and land taxes, also to defer public utility payments or pay in instalments were proposed. However, social dialogue between the social partners and the municipalities stalled, and this resulted in no significant achievements at the territorial level.

The government, however, was engaged in a sectoral dialogue with health sector employees and associations regarding the increased amount of work and health and safety measures in this sector. Evaluating the challenges and threats emerging from the medical community in the fight against COVID-19, medical personnel’s salaries were increased with the signing of a sectoral collective agreement with the medical unions. As a result, the salaries of doctors increased. During the second wave of the pandemic this measure was extended, and the payroll increased by about 18 per cent, which required about €130 million from Lithuania’s health fund. Sectoral social partners insisted on a measure covering 100 per cent of wages in cases where medical employees were infected with COVID-19, and amendments to legal acts were introduced and adopted. Although the main role was played by trade unions, the employers’ organization supported the decision and was satisfied with all the measures which helped medicine personnel during this difficult situation.

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Negotiations were active in the education sector as well. The political parties and the Ministry of Education, Sports and Science were involved in active social dialogue with the education and science sector trade unions. As a result, on 9 October 2020, a collective agreement between the Ministry of Education, Science and Sports and the Lithuanian Education, Science and Sports Trade Union, the Education and Science Trade Union “Solidarumas”, the Lithuanian Higher Education Trade Union and the Trade Union “Sandrauga” was signed. The aim of this agreement was to improve the quality of education and science, to better the economic and social conditions of employees in public educational institutions, including science and research institutions. It covered not only the principles of wage setting but also the main guidelines to organize the educational process. The active role of sectoral social partners and preparation for negotiations with the state institutions led to a comprehensive agreement in this sector.

Moreover, active discussions on the joint agreement on education with all political parties in the parliament started in 2021. For the first time, all Lithuanian political parties agreed on the importance of education and decided to draft the guidelines and priorities for this sector. The consultations and negotiations ended in the autumn of 2021, and although the trade unions criticized the content, the agreement among the parliamentary parties was signed. In particular, trade unions highlighted the lack of time for discussion and preparation of the content, considering the significance of the issues, the urgency and the overall importance of education. They complained about the lack of feedback on their proposals. The employers’ organizations were satisfied that they were included in the discussions on the draft of the parliamentary parties’ agreement on education, and they refrained from criticism as they were not a signatory party. The employers’ organizations have expressed the view that the emerging new culture of social dialogue will help to change the fundamentals in the education sector.

Concluding observations

Lithuania’s socio-economic stability is highly dependent on social dialogue, and now even more so. While bipartite social dialogue institutions remain weak in Lithuania, tripartite institutions, which have been historically more developed, played a crucial role in response to the COVID-19 crisis. Nevertheless, the fact that the government and the other state institutions put an effort into cooperating with social partners and discussed the relevant measures to fight the consequences of the pandemic, even if the principles of social dialogue often were pushed aside, and the social partners’ voice was not always heard, was laudable. The government has a dual role in social dialogue, i.e. as the party in tripartite dialogue and as the regulator defining the guidelines of social dialogue. Therefore, the government is expected to improve the quality of social dialogue by strengthening the processes of information collection and sharing, consultation and negotiation, as well as providing that any new policy respects organizational rights, promotes collective bargaining and facilitates the effective recognition of trade unions and employers’ organizations.

Recently, the scope of the discussions with social partners has broadened to cover social issues such as poverty, income inequality, stress, harassment and discrimination in the workplace, training and skills. COVID-19 has seriously disrupted social dialogue developments. Many discussions and reforms were interrupted and postponed by the outbreak, and while social partners have continued their involvement in policy-making, the dialogue was not very fruitful. Equally important is regulating the involvement of social partners at different levels, and special attention shall be paid to virtually non-existent dialogue with Lithuanian municipalities. Despite insufficiencies and weaknesses, social partners had more meaningful involvement in overall policy-making than in the development of COVID-19 measures. The findings reveal that there is still plenty of room to improve social partners’ involvement. Social partnership based on mutual trust is the warrant for social peace in the country.
References


The case of North Macedonia

Nikica Kusinikova
Introduction

This study aims to examine the role of social dialogue in the COVID-19 emergency and post-emergency phases in relation to (1) developing short- and medium-term solutions for the survival and adjustment of economies, businesses and workers during the pandemic; (2) developing long-term national recovery strategies; (3) design of policies and regulations on key socio-economic issues raised during the pandemic and (4) creating opportunities for increased social dialogue. It also outlines possible policy directions to capitalize on social dialogue best practices to further strengthen the role of peak-level social dialogue as a governance tool for achieving sustainable development. A combination of primary and secondary data garnered through desktop research and semi-structured interviews with key stakeholders, such as representatives from the competent institutions, trade unions and organizations of employers, is used.

North Macedonia before the pandemic

Prior the outbreak of COVID-19, North Macedonia had undergone significant structural changes and public policy reforms that led to material improvement in the economy, business environment and the labour market. In the pre-pandemic years the country achieved steady economic growth of 2.7 per cent in 2018 and 3.6 per cent in 2019, resulting in US$5,371 Gross Domestic Product (GDP) per capita (World Bank 2020b). The main drivers of GDP growth were wholesale and retail sales, construction and real estate services (1.7 percentage points – pp) and agriculture and public services (0.3 pp). On the demand side, growth was driven by private consumption at 2.6 pp (World Bank 2020b). Small and medium-size enterprises (SMEs) are the backbone of the economy with micro-enterprises representing 81 per cent of registered companies (ILO 2020a). Net foreign direct investments (FDI) reached 2.6 per cent of GDP in 2019. The current account deficit rose to 2.8 per cent of GDP, with a trade deficit of 14.3 per cent of GDP mostly due to rising imports and lower net service exports (World Bank 2020b). There was an increase in the fiscal deficit in 2019, while external debt was stable at 74 per cent of GDP. The banking sector was stable with credit growth of 6 per cent, mostly due to household borrowing.

The labour market improved steadily with an employment rate of 45.1 per cent in 2018 and 47.3 per cent in 2019 (State Statistical Office 2020) with 40,000 jobs added during 2019, driving down unemployment by 3.4 pp to 17.3 per cent. Most new employment was created in the sectors of manufacturing, trade and services such as accommodation, administrative service, entertainment and transport. Labour market participation remained rather low at 57.2 per cent, with reported shortages of qualified workforce by the employers, in particular in the technology investment zones. The structural challenges of the labour force remain in labour-intensive industries such as agriculture, construction and textiles. In addition, the majority of the unemployed are long-term unemployed workers, while the activity rate of women in the labour market remains low at 46.6 per cent. As a result of a continuous increase in the mandatory minimum wage, the average gross wage in 2019 increased by 4.1 per cent, and in January 2020 the average real gross wage increased by 12.2 per cent year-on-year (World Bank 2020b). Nevertheless, workforce productivity remained a challenge, hampering sustainable socio-economic development and growth. Poverty declined, with 22 per cent of the population classified as at risk of poverty in 2017.

Social dialogue in North Macedonia

Social dialogue is essential for achieving effective, equitable and mutually beneficial outcomes for governments, employers, workers and wider society. It should be based on freedom of association and collective bargaining, including through institutional and regulatory frameworks. The Republic of North Macedonia joined the ILO in 1993 and has ratified 79 ILO Conventions including all fundamental and priority ILO Conventions.

The landscape of social partners in the country includes four national trade union confederations (Federation of Trade Unions of Macedonia – SSM, the Confederation of Free Trade Unions – KSS, the
Union of Independent and Autonomous Trade Unions of Macedonia – UNASM and the Confederation of Trade Union Organizations of Macedonia – KSOM) as the main workers’ organizations and two employers’ organizations at the national level (Organization of Employers of Macedonia – ORM and the Business Confederation of Macedonia – BCM). One employers’ organization (Organization of Employers of North Macedonia) and one trade union (Federation of Trade Unions of Macedonia – SSM) are formally considered representative and are members of the Economic and Social Council. Both the trade unions and the employers’ organizations face challenges in increasing their representation especially within the private sector and across industries (ILO 2019). In turn, this poses a challenge to their relevance and legitimacy in playing an increasing role in shaping national socio-economic policies.

The main permanent tripartite body for PLSD is the Economic and Social Council (ESC) established with a treaty between the Government of North Macedonia, the Federation of Trade Unions of Macedonia – SSM, the Confederation of Free Trade Unions – KSS and the Organization of Employers of Macedonia – ORM. At present, the composition of ESC, presided by the Minister of Labour and Social Policy, includes 12 members, four of which are appointed by the government from the competent ministries, four members nominated by the representative trade unions (SSM) and four nominated by the representative employers’ organizations (ORM). Overall, most of the stakeholders considered social dialogue within the ESC constructive and collaborative when it comes to finding solutions for the identified challenges. The main role of the ESC was to discuss and engage in policies related to the labour market and labour relations, leaving the ESC underutilized for the creation of broader socio-economic policies.

Over the years, efforts have been made to develop and improve collective bargaining in the country. In addition to the two general collective agreements (for the private and for the public sector), 18 collective bargaining agreements at branch level have been signed in different industry sectors, 12 in the private sector and 6 in the public sector (Fair Wear 2021). In addition, 104 collective bargaining agreements have been signed at company level (Fair Wear 2021). According to OECD indicators (OECD and AIAS 2021), trade union density in 2017 was 20.2 per cent of employees, while employer organization density in 2019 was 12.5 per cent of employers which are identified as significant stumbling blocks for collective bargaining in some branches in the private sector (Fair Wear 2021).

In recent years, supported by ILO, EU and USAID funding, Local Economic and Social Councils (LESC) have been established in 15 municipalities as an instrument for social dialogue at the local level, with 12 being currently functional. The level of activity of LESC largely depends on the individual commitments of the mayor and foreign donor funding, thus leaving most of the LESC marginal in local policy dialogue. A handful of the LESC have shown increased engagement and are developing strategic approaches and concrete activities related to the local labour market as well as the business environment in the municipality.

**Immediate socio-economic impacts of the crisis in the country**

From the outbreak of COVID-19 in North Macedonia in March 2020, the health crisis has rapidly and inevitably grown, with a significant socio-economic impact. In the second quarter of 2020, the country went into recession, assessed by the World Bank as the worst since 2001 (World Bank 2020a), because of supply chain disruptions, lockdowns leading to widespread closures in the service sector, and a rapid and prolonged increase in infection rates. The decrease in exports was somewhat mitigated by a simultaneous decrease in imports. By June 2020, the manufacturing sector shrank by 16.1 per cent, tourism, trade and transport together by 12.3 per cent. Private consumption and gross investments plummeted by 5.6 per cent and 11.3 per cent, respectively (World Bank 2020a). The only sectors that experienced growth in this period were IT and agriculture. An enterprise survey supported by the ILO and conducted by the employers’ organizations indicated that 82 per cent of the surveyed enterprises experienced serious disruption due to the pandemic, with 43 per cent reporting decrease of revenues by 50 per cent or more, while 11 per cent had to temporarily close their businesses (Macedonia 2025
While large enterprises showed more resilience, micro enterprises were hit hard: half of them experienced a drastic reduction in revenues and 19 per cent closed permanently.

Central government measures mitigated more dire economic and social impacts, enabling enterprises to survive and lessen job losses. Nevertheless, the pandemic effects on the labour market became evident. While in the first quarter of 2020 unemployment dropped to 16 per cent, in the period between April and June 2020 it rose again to 16.7 per cent with 17,690 people losing their jobs mostly due to discontinuation of short-term employment contracts (Macedonia 2025 2020). An analysis by the ILO and EBRD indicates that the decline in working hours due to lay-offs and other worktime reduction amounted to 11.6 per cent during the second quarter of 2020, leading to a tentative loss of 85,550 full-time equivalent jobs (ILO 2020a). The government’s measures to support job retention were utilized by around 25,000 enterprises employing around 130,000 workers, thus saving valuable workplaces (Public Revenue Office 2021). The government’s assessment is that its emergency stimulus packages saved around 80,000 jobs. It is estimated that some of the job losses will be permanent, with labour vulnerabilities identified in 39 sectors representing around 92 per cent of the workforce (ILO 2020a). Around 62 per cent of all employers are in those sectors that have been hit hard by the pandemic. The pandemic also had significant negative impacts on the informal economy and other forms of work. Improvement was noted from the fourth quarter of 2020 following a gradual reduction of lockdown measures, recovery of supply chains and support measures by the government. At the end of 2020 North Macedonia recorded a 4.5 per cent decline in GDP (World Bank 2021). Within those sectors with a slight uptick at the end of the year, the manufacturing sector declined by 10.6 per cent, trade, tourism and transportation by 7.9 per cent, while construction recuperated in the third quarter of the year (World Bank 2021). Agriculture, IT and real estate were the sectors that recorded overall growth in 2020. Private transfers in 2020 declined by 24 per cent, FDI dropped by half mostly due to delays, while the current account deficit widened to 3.5 per cent. As a result of the increased need to finance the government’s support measures, the external debt grew to 79.9 per cent of GDP. The general government deficit tripled in 2020, while public debt reached 60 per cent of GDP. The recovery is also evident from the enterprise survey of the employers’ organizations supported by the ILO. 82 per cent of the surveyed enterprises resumed their business operations by the fourth quarter of 2020, albeit with 86 per cent of them reporting decreased revenues (Mojsoska Blazhevski 2021). Only seven per cent of the surveyed enterprises were working with significantly reduced capacity, which is more than twice lower than during the state of emergency. Overall, the projections indicate slow recovery in 2021 with a projected growth of 3.6 per cent predicated on a reduction in infection rates, a successful vaccine rollout and recovery of external demand.

The government’s financial support of the labour market mitigated a more severe impact. The end of the year marked a recovery from the second quarter, with an unemployment rate of 16.4 per cent, albeit some of that decline was caused by people leaving the labour market altogether, as evident in a drop in the employment rate by 0.2 per cent. A World Bank assessment corroborates that the drop in the unemployment rate is due to increased inactivity, and discouragement of job seekers as well as seasonal workers returning abroad, leaving the activity rate at 56.4 per cent, with women being more affected than men. Despite the pandemic, wages in 2020 rose across sectors mostly due to an increase in public sector salaries as well as an increase in the minimum wage. However, those in lower earning jobs were also more severely affected by job losses, pushing average earnings up by hitting those already worst off. The enterprise survey indicated that labour issues such as absence of employees from work due to illness and government orders as well as an inability to organize telework presented employers with significant challenges to business operations.

**Brief description of first government responses**

From the onset of the pandemic, the government undertook policies and measures to mitigate the negative health and socio-economic impact. During the state of emergency, the government
introduced a stringent lockdown, limiting mobility (stay-at-home and social distancing measures) and effectively leading to the full closure of workplaces with the exception of essential services. The government started to gradually lift the lockdown in early May 2020, and employees returning to their workplaces presented significant challenges for re-organizing working practices to integrate all health and safety protocols.

To circumvent the negative effects of the COVID-19 crisis and the lockdown measures, in the period between March 2020 and April 2021 the government introduced six packages of economic measures for support of the economy, enterprises and citizens, with a particular focus on the sectors most impacted by the pandemic as well as the vulnerable categories of workers, citizens and families. The six packages of economic measures encompassed in total 106 measures (Government of the Republic of North Macedonia 2021b) introduced by decrees, revisions to existing laws and adopting new legal measures. The first two packages introduced during the state of emergency with a value of around €200–250 million were aimed at cushioning the immediate shocks of the crisis on the economy and citizens (Government of Republic of North Macedonia 2021a). They covered an array of measures for stimulating the economy, supporting enterprises, jobs and incomes and protecting workers in the workplace. The first package included measures such as: tax exemptions, debt relief and temporary suspension of debt payments, reducing the reference interest rate and the default interest, financial subsidies of 50 per cent on social contributions for employees in companies hit by the crisis, zero interest rate loans and so forth. The second package included increased direct financial aid to enterprises (including subsidies on salaries) and to citizens who lost their jobs and income with a guaranteed minimum financial support and energy supplement. The third package, in the amount of €300 million, aimed at revitalization and recovery and focused on increased consumer spending in the local economy by providing payment cards and tourism vouchers as well as financial support for innovation, digitalization, agriculture, human resource development and so forth. The fourth package of €478 million targeted sustainability of the economy and workplaces, stability of the social transfers and supported a swift exit strategy from the crisis. It provided continuation of some of the existing measures (including salary subsidies), introduced exemptions from some fiscal duties and targeted specific sectors such as crafts, agriculture, tourism, catering and entertainment. The aim of the fifth package, with measures worth €160 million, is the revival of the economy and stabilization of the economic activity. The measures included retention and recovery of employment in the sectors hit by the pandemic, improve the liquidity through zero-interest rate credits for the private sector, improving the business environment and citizens’ support through debt relief and targeting specific professions. This package also provided continuation of direct subsidies for the workers’ salaries for February and March 2021. Finally, the sixth package introduced in April 2021 (€17.8 million), aimed to support 10,000 enterprises employing 60,000 citizens in sectors halted by the pandemic as well as to support the liquidity of enterprises that invest during 2021.

The role of social dialogue was significant in shaping the broader coverage of direct financial support within the second package, while the proposals initiated by the social partners through the ESC were instrumental in developing the fourth and the fifth packages of measures.

Peak-level social dialogue of emergency and adjustment type

The role of national peak-level social dialogue and the involvement of social partners

The pandemic emerged during a caretaker government and an absence of a sitting parliament, dissolved due to parliamentary elections, thus the regular institutional mechanisms of coordination, consultations and policy-making were interrupted. In such extraordinary circumstances and under the proclaimed
state of emergency by the president, the caretaker government introduced measures and enacted emergency policies by decree.

As the impact of the pandemic on the economy was imminent, the caretaker minister established an *ad hoc* economic council with the aim to provide guidance and recommendations for mitigating the negative consequences on the economy and the financial sector from COVID-19. Members of the council included representatives from the chambers of commerce, academia, economy experts as well as representatives from large companies in the country. Social partners were not included as members of the economic council. The council served a temporary role at the beginning of the pandemic and was not operational throughout.

At the onset of the state of emergency, the social partners – the organizations of employers and trade unions – recognized the unique role they have to play in supporting their constituencies and in shaping the emergency measures. The Economic Social Council was not initially utilized in the early emergency phase. However, as the first COVID-19 package was announced and the second package was in a final draft, upon request from social partners, at the end of March 2020, the ESC convened and reiterated the importance of utilizing already established formal tripartite bodies in shaping COVID-related policies and responses. At this session, the ESC endorsed the second package of measures that the caretaker government announced the same day.

Moreover, the ESC tasked its standing committee on employment and labour market policies to work with the ILO to enable an adequate policy response to the crisis that supports workers, families and enterprises. It was underlined that the policy dialogue, and as a result the policy measures, must be grounded in solid analysis of the immediate impact of the pandemic on employment and enterprises, while also taking into consideration the nature and transmission mechanisms of COVID-19. As a result, in March 2020, an ILO Regional Task Team on COVID-19 and the World of Work, comprising ILO experts and national and regional advisors, extended its operations to North Macedonia, thanks to an EU-funded project “Strengthening Social Dialogue”. In April 2020, the European Bank for Reconstruction and Development (EBRD) joined the Task Team.

In this early period in the of state emergency, it was clear to the government and social partners that there was a need for increased social dialogue in order to achieve a common goal to protect the health and well-being of citizens, to reduce the negative consequences of the pandemic, to share the burden across stakeholders and to support a resilient economy and workforce. The uncertainty and novelty of the situation with no “bullet-proof” solutions required all key stakeholders to actively engage in dealing with the impact of the pandemic. In this phase, due to the resources available to the caretaker government and the urgency of the situation, social dialogue was quite dynamic and informal, via direct communication, submission of proposals and meetings of the employers’ organizations and the trade unions with the caretaker prime minister and the Ministry of Labour and Social Policy. The employers’ organizations and the trade unions were instrumental in collecting information from the field concerning the effects of the pandemic on enterprises and the workplace, the challenges they face and their needs. Through European networks they also had access to policies and measures in other EU countries, a valuable resource in shaping their recommendations. Committed to protect and support their members, they proactively articulated their opinion on the proposed policies and measures and drafted their own policy proposals. In turn, this increased their visibility and political weight as stakeholders that have to be “seated at the table”.

The emergency required immediate and effective mitigating solutions and also influenced the quality of social dialogue. As social dialogue intensified, social partners increasingly engaged in constructive discussions on specific proposals, challenges and needs which eventually led to improved
consensus-based measures and outcomes. While the ESC did not review the decrees in their draft phase, the role of social partners in this period was crucial for:

- improving COVID-19 measures especially regarding their scope, outreach, viability and operationalization in practice
- anticipating bottlenecks in the implementation of measures
- identifying policy issues that need to be addressed in order to effectively manage the survival and adjustment of economies, businesses and workers
- implementation of measures and monitoring

The social partners supported by the ILO also initiated surveys, research and analysis of the effects of COVID-19 in the workplace and on enterprises in North Macedonia which provided valuable input to policy decisions and measures.

Outcomes reached through peak-level social dialogue

The intensified PLSD during the state of emergency and period afterwards led to several outcomes mostly related to Pillar 2: Supporting enterprises, jobs and incomes and Pillar 3: Protecting workers in the workplace of the ILO policy framework. The outcomes reached predominantly were in a form of consensual agreements and joint conclusions.

- **Extend social protection to vulnerable groups**

  Based on analysis of the effects of COVID-19 in the informal economy as well as non-standard forms of employment (ILO 2020a), in the second package of COVID-19 measures, the government extended social protection to persons engaged in the informal economy, workers with fixed-term contracts that expired in this period and temporary workers who lost their employment due to lockdown. Initially, the measures had stricter criteria based on the specific forms of job loss (for example, covering fired workers but not the termination of employment contract by agreement). In consultation with the social partners, at the ESC session on 31 March 2020, it was agreed that the measure would revise the criteria to allow flexibility and cover persons with a vulnerable position on the labour market including those with employment contract terminated, regardless of the basis in the period between 11 March and 30 April 2020. The guaranteed minimum income was in the amount of US$125 per household for the months of April and May 2020.

- **Protecting health and safety of workers through adaptation of working arrangements and safe return to work**

  During the state of emergency, the Standing Committee on employment and labour market policies of the ESC cooperated with the EBRD and ILO Regional Task Force on developing policy responses to support enterprises, workers and their families. For this purpose, supported by the EU-funded project “Strengthening Social Dialogue” in the course of April 2020 an expert team conducted analysis of the impact of COVID-19 on the vulnerable workers and at-risk enterprises (ILO 2020a). The analysis also took into consideration the enterprise survey on the impact of COVID-19 commissioned by employers’ and business membership organizations (Macedonia 2025 2020). The Rapid Assessment outlined a number of policy proposals that were discussed during the session of the Economic and Social Council on 2 June 2020. This social dialogue led to shaping a strategic approach to safe return-to-work practices. It also covered hybrid work arrangements, in particular teleworking. While a general legislative framework on telework

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1 Proceedings from the session of the Economic and Social Council held on 31 March 2020.
was somewhat covered under the Labour Relations Law, social partners considered it insufficient and identified the need for further policy guidance in this area. It was also discussed that telework could be arranged within the collective agreements. Based on the policy recommendations (Ristovski and Mihes 2020), in line with the European Framework Agreement on Telework, a strategic approach was agreed that, during the period of the pandemic, a teleworking arrangement can be included as appendices in the employment contracts. In the meantime, the social partners would develop policy proposals that will be integrated in the new Labour Relations Law that is in draft phase.

Avoid derogation of minimum wage and collective agreements during the pandemic and state of emergency

Within the tripartite social dialogue during the state of emergency, a consensual agreement was reached that there will be no derogations in the minimum wage during the pandemic period and that collective agreements would be respected in this regard. The policy measures of the government are to be designed in a way to support employers to meet their minimum wage obligations. In the first quarter of 2021, the ESC engaged in further social dialogue on establishing the minimum wage level in line with the regulated calculation formula.  

Extension of the duration of employment retention measures

The set of emergency measures to provide support to enterprises for the retention of jobs introduced in March 2020 included direct subsidies of salaries for April and May 2020 for enterprises affected by the pandemic. The level of subsidy was in an amount of the minimum wage of US$281 per employee. In a tripartite dialogue during the session of ESC on 2 June, based on the assessment of the situation and shared goal to protect workplaces and workers, it was agreed for this measure to be extended for an additional month. The data of the Public Revenue Office shows that around 20,000 enterprises benefitted from this measure that in total employ around 130,000 workers as well as over 5,000 self-employed persons.

Through a social dialogue process described in the next section, in September 2020, within the fourth package of financial support, the measure was extended with revised criteria to include the last quarter of 2020. In this period, the measure was utilized by 13,042 enterprises employing 70,766 employees. The fifth package extended the measures in the months of February and March 2021 for the sectors of tourism, crafts, catering, transport, and the event industry estimated to serve around 60,000 workers on a monthly basis. The proposals from social partners were instrumental in shaping these measures. The extension of the duration of the employment retention measures confirmed the relevance of social dialogue and the effectiveness of the support measures proposed by social partners.

Role assigned to social partners in view of implementation and monitoring

Although social partners were not assigned formal roles in the implementation and monitoring of policy measures, they played a crucial role in the operationalization of the measures as well as in monitoring the effectiveness and identifying bottlenecks in the implementation. Their engagement occurred within tripartite social dialogue and in direct communication with the competent government bodies (in most cases the Prime Minister and the Ministry of Labour and Social Policy).

The employers’ organizations recommended a deeper elaboration of the emergency policy measures (such as access to paid leave/release from work for vulnerable and specific groups of workers, mobility

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2 Proceedings from the session of the Economic and Social Council held on 18 March 2021
3 Proceedings from the session of the Economic and Social Council held on 2 June 2020
4 See: http://ujp.gov.mk/javnost/soopstenija/pogledni/790
5 See: https://vlada.mk/node/24854
6 See: https://vlada.mk/node/24245
permits during curfews and so forth). They proposed options that would provide appropriate guidance for employers and enable them to properly re-organize their work to maintain business operations. In addition, they also recommended revised eligibility criteria for enterprises applying for financial support in order for the measures to be more inclusive and relevant to the type of challenges enterprises face during the pandemic. Some of these proposals were discussed and endorsed during the ESC’s sessions at the end of March and early June 2020. In this regard, they contributed to more effective and efficient operationalization and utilization of the measures. The employers’ and business membership organizations published various handbooks on healthy and safe workplaces, telework, operational processes and so forth. Furthermore, the ORM developed an e-learning platform encompassing two training packages on labour law and occupational safety and health (OSH), covering also aspects related to the implementation of labour legislation during COVID-19.7 The BCM developed a digital Business Support Centre, incorporating useful guidance and materials on COVID-19, including relevant legal acts and downloadable templates to support enterprises in dealing with human resources management (HRM), industrial relations and corporate wellness among other things.8

Trade unions were instrumental in monitoring the measures’ implementation. In the early onset of the emergency, they identified and reported on the mistreatment of workers and misuse of financial aid by enterprises (such as non-compliance with the health and safety protocols, subsidies received for salaries that were not paid to workers and so on).9 These issues were discussed in the tripartite dialogue at the ESC and prompted the institutions to improve the monitoring systems and corrective measures.

On the level of enterprises, in order to facilitate consensual solutions, trade unions engaged in social dialogue with employers and representatives of workers from enterprises where workers’ rights were violated during the pandemic.

A few of the LESC engaged in social dialogue on the COVID-19 situation. In most cases, they discussed the effect of the pandemic on local businesses and workers and reviewed the additional support measures introduced by the municipalities (such as waiving fees for communal taxes, enforced debt collection and so on). In the municipality of Kumanovo, the LESC coordinated with the local business community and collected in-kind donations (protective gear and equipment, food and hygiene products, among others) which were donated to public hospitals, vulnerable persons and families at risk in the local community.

**Challenges encountered**

Coping with the COVID-19 pandemic with a caretaker government with limited policy mechanisms and resources presented a challenge on several levels, not least for tripartite social dialogue through the formal structure of the ESC. At first, the need for a rapid response to manage the health and economic crisis eclipsed any practical consideration of social dialogue to shape the policy responses and support measures. Thus, the contribution from the social partners was often reactive, providing comments and recommendations after the measures were announced by the government rather than in their draft stage. Consultations within the ad hoc economic council (which did not include social partners) rather than in the ESC was also a challenge in conducting PLSD. Some social partners (most notably KSS) reported being unable to make a full contribution within the ESC due to their exclusion as full representatives.

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8 See: [https://bcm.mk/platforma/](https://bcm.mk/platforma/)
But social partners were also able to surmount these challenges by engaging proactively with the government and contributing directly with constructive proposals.

While PLSD identified the opportunity for collective bargaining agreements on COVID-19-related issues such as telework, any such development was postponed, and social partners agreed to address the issue later through legislation and tripartite dialogue.

In the midst of this period, trade unions reported that the number of companies receiving financial aid for workers' salaries did not comply with their obligations to fully compensate workers. The ESC engaged in a discussion on a solution to this challenge. While it was agreed to improve institutional oversight and to possibly include this aspect as eligibility criteria for subsequent support measures, a systematic solution was not reached.

Peak-level social dialogue helping the world of work to recover from the crisis

The role of national peak-level social dialogue and the involvement of social partners

In a post-state of emergency and after parliamentary elections, a new parliament and government were established in the summer of 2020, resuming full legislative and executive powers. An increased awareness and acknowledgment of the value of social dialogue during the pandemic led to significant political commitment to PLSD and an improvement in the quality and level of engagement of social partners.

Between September 2020 and May 2021, the ESC held 13 sessions, making it one of the key mechanisms for policy dialogue in this period. (Prior to the pandemic the ESC held seven sessions during 2019.) The social dialogue covered national recovery strategies and measures as well as policies related to the ILO Centenary Declaration on the Future of Work. Moreover, the good practice (dating from 2017) to include trade unions and employers' organizations that are not formal members of the ESC in the preparatory sessions of the PLSD continued in the autumn of 2020. They participated and actively engaged in the ESC sessions in the recovery period, which was a significant improvement in social dialogue outreach. All sessions were attended by the highest-level representatives of the competent institutions such as the Minister of Labour and Social Policy, the Deputy President of the Government for Economic affairs, the Minister or Deputy Minister of Finance, and the Minister of Economy (in the sessions related to their sectoral policy) which also led to qualitative improvement and indicated the increased political leverage of the ESC.

The ESC reviewed and discussed the government’s recovery strategies outlined in the fourth and fifth sets of measures aiming for a quick exit from the crisis, recovery, stability and sustainability of the economy and workforce, and resumption of positive economic growth. Unlike the measures during the state of emergency, in shaping the fifth package of measures, the government began engaging with social partners (through the ESC) during the policy drafting. This resulted in a continuation of valuable targeted financial support for protecting workplaces and enterprises. The ESC also discussed the need for ongoing monitoring and evaluation of the effects of the COVID-19 measures.

In addition to the COVID-19 recovery strategies, the ESC actively engaged in developing policy on hot topics such as: Sunday as a non-working day, operational plans for active labour market measures, long-term labour market planning, minimum wage, ratification of ILO Convention No. 190 and so
on. Furthermore, they discussed sectoral policies that impact the workforce such as the Law on Civic Procedure, trade law, the Programme for Economic Reforms 2021–2023, among others.

Beyond the sessions of the ESC, PLSD continued within the working group for drafting the new Labour Relations Law. The working group shaping the new regulation included representatives of all key institutions, employers’ organizations and trade unions. Previous discussions within the ESC during the pandemic raised important issues to be further clarified in the law such as teleworking, force majeure and so forth. Collective bargaining initiatives also increased in pace, resulting in one new sectoral collective agreement. Few of the LESC showed higher level of engagement in improving the social dialogue and workforce development in their municipalities. This peak-level national social dialogue demonstrated the need for increased cooperation with the LESC in harmonizing labour market supply and demand.

The social partners continued to play proactive roles in voicing and advocating for the interests of their members, providing support in the implementation of the measures as well as in the monitoring of their implementation. Some of them piloted new interactive tools for outreach and service of their constituencies.

Overall, PLSD and the social partners in the post-state of emergency played a crucial role in:

- design of longer-term responses and recovery strategies to be suited to the actual needs of enterprises and workers
- development of the new labour legislation in line with ILO standards
- ensuring effectiveness in implementation and monitoring of measures
- protecting workplaces

**Outcomes reached through peak-level social dialogue**

The strategic role of social dialogue in the post-emergency period resulted in several different outcomes related to the stabilization and recovery reflected in Pillar 2: Supporting enterprises, jobs and incomes and Pillar 4: Relying on social dialogue for solutions of the ILO policy framework. The outcomes ranged from agreements and joint conclusions, to new legislative measures.

- **Extension of direct financial aid for employment retention**

In September 2020, social partners jointly agreed to the extension of direct subsidies for workers’ salaries to the employers affected by the COVID-19 pandemic for an additional three months (the last quarter of 2020). At the ESC session on 1 February 2021 (ESC 2021c), the government presented a draft plan for the fifth set of COVID-19 measures. Among others, it proposed that direct financial subsidies to enterprises for salary payment be replaced with zero-interest rate loans with a grant component to cover the salaries of enterprises that face liquidity issues. Based on the report of the employers’ survey supported by the ILO (Mojsoska Blazhevski 2021), the employers’ organization argued that direct subsidies on salaries is the most appreciated and desired measure by employers but not suitable for replacement with a loan. The social partners agreed that it is important to extend the direct financial subsidies for employment retention and the fifth set of measures was revised accordingly.

The employers’ organization also proposed that, in line with ILO recommendations and practice in other countries, the criteria for salary subsidies be revised to introduce loss of working hours instead of reduced income as a more suitable criterion for direct financial aid to enterprises. Nevertheless, the structure of the measure remained based on income loss. Zero-interest rate loans remained as a measure to support enterprises with liquidity disruption that does not necessarily derive from reduced income or loss of working hours.
Relying on social dialogue for post-COVID activities and the state budget

In the process of drafting the operational plan for the ESC for 2021 (ESC 2021b), the government and social partners agreed that the role of peak-level dialogue within the ESC should be increased. They jointly decided that ESC should be engaged in: (a) post-COVID activities, (b) regularly review of the government’s reports on the implementation and effectiveness of COVID-19 policies and measures and (c) review and discuss the state budget in the draft phase (ESC 2021b).

Improving work-life balance by introducing Sunday as a day of weekly rest

Initial discussions on proclaiming Sunday as a non-working day within the Labour Relations Law began in the autumn of 2020. From the onset, the issue was raised during PLSD and was further negotiated throughout the draft process in five sessions of the ESC (ESC 2020–21a). Social dialogue was crucial in shaping the details of the policy proposal, in particular in relation to the sectors and workplaces to be exempt from the provision due to the necessity to maintain continuous operational processes, remuneration of workers working on Sundays, distribution of days off to be compensated within seven days and implementation considerations. Revisions to the labour law entered into parliamentary procedure in July 2021.

During its session on 31 March 2021 (ESC 2021a), the ESC also discussed proposed changes in the Law on Trade which defines the trading outlets allowed to work on Sundays. A draft included a corporate duty of two per cent from the annual income earned on Sundays and public holidays in the prior year to be earmarked for building public kindergartens, thus supporting working parents and improving social inclusion and preschool education.

Collective agreement on higher education signed

While not directly an outcome of national tripartite social dialogue, progress was made in collective bargaining in the public sector, further illustrating the political commitment to increased social dialogue. In May 2021, a collective agreement on higher education was signed between the Ministry of Education and Science and the Independent Trade Union of Education, Science and Culture. The Independent Academic Trade Union also joined the collective agreement which, as reported by the Ministry,10 is the first time in 30 years that academic professors negotiated directly with the government on their working conditions.

A collective agreement for employees in the police secured 100 per cent salary payments for the employees on leave due to COVID-19 sickness, isolation or self-isolation. A new collective agreement was also signed for employees in the Ministry of Agriculture, Forestry and Water Management.

Agreement on the voluntary nature of the mediation in labour disputes

The revisions of the Law on Litigation Procedure in the section on labour disputes initially envisioned obligatory mediation between worker and employer, in accordance with the Law on Mediation. The trade unions raised this issue within sessions of the ESC (ESC 2020–21b), where social partners agreed that mediation should be considered as optional and that mandatory mediation would derogate from the constitutional right of citizens on judicial remedy. They further referred to the Law on Amicable Settlement of Labour Disputes. As a result of the discussions within the ESC and comments provided by

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10 Web resources of the Ministry of Education and Science За првпат потпишан Колективен договор со кој се зголемуваат платите и се унапредуваат правата на вработените во високо образование (mon.gov.mk)
other stakeholders, the Ministry of Justice revised the policy proposal in line with the recommendations from social dialogue.

**Role assigned to social partners in view of the implementation and monitoring of outcomes and measures**

In the post-emergency period, the role of social partners mostly revolved around outreach, consultations and support to their members and to broader constituency groups about utilizing COVID-19 measures and achieving their rights. The SSM and the State Labour Inspectorate signed a memorandum of cooperation on joint activities in the protection of workers’ rights. The trade union developed and launched a new online application as a service to workers. All reports on the abuse of workers’ rights are reported to the State Labour Inspectorate to be resolved in efficient, non-judiciary manner. In addition, the e-advisor provides legal advice and support to workers enjoying their labour rights.

The LESC also increased their engagement, which is highly dependent on the commitment of mayors to tripartite social dialogue in their respective municipalities. Supported by the ILO and the EU-funded project “Strengthening Social Dialogue”, in this period a few LESC engaged in strategic planning processes and launched new local initiatives. In addition to strategic planning by LESC Kumanovo mentioned previously, in October 2020, LESC Stip organized debates on social dialogue with a focus on workers’ rights during COVID-19 and developed local policy recommendations. LESC Bitola initiated a local partnership for employment. A further nine LESC (in Bitola, Kichevo, Kumanovo, Sveti Nikole, Resen, Stip, Strumica, Struga and Tetovo) are involved in a local labour market review process.

**Challenges encountered**

It is evident that PLSD in the past year has improved in scope, quality of interaction and dialogue. Participating social partners experienced some challenges in conducting social dialogue during their participation in all stages of policy-making and in settling sometimes significantly divergent opinions. For example, social partners were excluded from talks on Sunday as an official rest day, and trade unions believed they were excluded because of their concerns previously raised in the ESC.

Consistent implementation of regulations remained a challenge throughout the pandemic period. As noted by social partners, over-regulation emerges as a way to compensate for implementation gaps. In this regard, tripartite and bipartite social dialogue could play an increased role in devising solutions to policy implementation through collective agreements and increasing the participation of enterprises in employers’ organizations and collective bargaining.

**Concluding observations: challenges, opportunities and the day after**

The COVID-19 pandemic increased the relevance and need for functional consensus-driven social dialogue. North Macedonia’s social partners seized the opportunity and since the onset of the pandemic engaged proactively in the Economic and Social Council, proposed solutions and increased the outreach to and engagement with their constituencies. The opportunity was also recognized by the government, with high-level government officials regularly participating in tripartite PLSD. This resulted in strengthening the role of the ESC as a functional social dialogue platform for consultations and shaping public policies.
In addition, it increased the visibility, capacity and the relevance of social partners as constructive policy stakeholders.

Social partners played an important role in improving COVID-19 policy and support measures. Their engagement was vital in the operationalization of the measures and ensuring they serve diverse stakeholder groups among enterprises, workers and families. The consensus-driven social dialogue within the ESC resulted in identification and agreement on policy solutions related to the safe return to work, teleworking and other working arrangements in line with the ILO Centenary Declaration on the Future of Work. Furthermore, the ESC received an increasing role in the monitoring of the implementation and effectiveness of the measures, thus strengthening its governance role.

The increased engagement in PLSD during the pandemic on COVID-related policies also translated into broader, more constructive dialogue on labour and other related policies involving all social partners. This, in turn, resulted in legislative revisions related to working time as well as a continuation of constructive tripartite dialogue in drafting the new labour law.

Despite these positive outcomes, PLSD during the pandemic could have been utilized in a more strategic manner during the whole cycle of drafting policy measures. For instance, social partners supported by the ILO produced valuable surveys, analyses and policy recommendations that could serve as guiding resources in the initial design of the measures. Ideally, this should shape their role as proactive allies in the creation of measures rather than reactive correctors of proposals designed by the institutions. In addition, increased national tripartite dialogue within the ESC was not fully utilized to facilitate meaningful social dialogue at the level of sectors and professions. While some efforts were made to initiate collective bargaining in the private sector, PLSD did not contribute significantly to accelerating bipartite dialogue.

It is fair to say that social partners and institutions were overwhelmed with the immediate needs of their constituencies and the public expectation for quick responses, thus the key stakeholders preferred to rely on already established platforms for tripartite social dialogue such as the ESC.

In this regard, moving forward, the ESC is on solid ground to move from a formalistic social dialogue body to a leading, effective, consensus-based governance platform in all stages of the policy-making process. Social partners increased their role, visibility and capacities, thus as North Macedonia moves to a post-pandemic period, they can grow into a driving force for establishing a new “social pact”. The framework of the Sustainable Development Goals (SDGs), the ILO Centenary Declaration on the Future of Work as well as the ongoing process of drafting the Long-term National Development Plan 2021–41 provide an opportunity for employing tripartite social dialogue not solely for labour-related policies but also for other policy areas that will inevitably impact the world of work (such as the green economy and environment, rural development, tax policy framework and so on). The ESC and its social partners can provide strategic guidance related to strengthening human capital and increasing productivity, high priorities for post-pandemic recovery and growth in North Macedonia (World Bank 2021). For instance, the ESC already has agreed to include the draft State Budget in its agenda, highlighting how policy-making ought to include social partners during the initial policy design rather than when a government draft is complete. Such steps enable social partners to drive the policy agenda by proactively developing policy proposals through consensual social dialogue. Moreover, state institutions should ensure participation of social partners in legislative bodies through parliamentary committees and cross-sector bodies.

Accelerated tripartite social dialogue is an opportunity to strengthen bipartite social dialogue and collective bargaining in the private sector. The pandemic demonstrated the shared interests of employers and workers in building sustainable enterprises and a resilient economy that can support quality workplaces and the well-being of all citizens. In this regard, social partners have a unique opportunity to capitalize on their more visible roles, responsibilities and capacities in order to demonstrate leadership in improving bipartite dialogue at the national and sectoral level.

The Local Economic and Social Councils also have an opportunity to play a vital role in the recovery and sustainable development of their municipalities, strengthening the adaptability of the local labour
market to the new socio-economic realities. To achieve this will require strengthening of the political commitment of local authorities, in particular mayors, as well as building the capacities of LESC and local stakeholders. Hence, the ESC and social partners can play an important role in supporting LESC through knowledge sharing, networking, coordination and decentralization of the policy dialogue within the policy-making process.

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The case of the Russian Federation

Ilona Voitkovska
Introduction

This chapter aims to explain how Russia relied on peak-level social dialogue in order to: (1) devise solutions for its economy, businesses and workers (short- and mid-term responses) during the COVID-19 pandemic; (2) devise national recovery strategies (long-term responses); (3) devise policies and regulations on key socio-economic issues that are priorities in the context of COVID-19 (with a focus on social protection, skills enhancement, new work arrangements such as telework/remote work, occupational safety and health, green jobs, among others); and (4) create space for additional social dialogue (on COVID- or non-COVID-related matters), including collective bargaining, at all levels (enterprise, sectoral, territorial, national).

The chapter analyses social partners’ public websites at the national (federal) level as well as research findings describing social partners’ actions before and during the pandemic. It also considers online sources about the discussions held at the Russian Trilateral Commission on the proposals of the Ministry of Labour related to labour market regulation and websites of sectoral trade unions to identify initiatives aimed at adjustment and recovery of the labour market in industries most affected by the pandemic (transport, healthcare, education, trade and services). Representatives from the tripartite constituents (Ministry of Labour and Social Protection of the Russian Federation, Federation of Independent Trade Unions of Russia, Russian Union of Industrialists and Entrepreneurs) have filled out written questionnaires.

Before the crisis: a snapshot

Russia is one of several economies transitioning from a centrally planned to a market economy. Some key social and economic indicators (based on the data from the Federal State Statistics Service 2019) may be of use to contextualize the strength of the Russian Federation’s economy before the crisis:

- Gross Domestic Product – RUB 109,361 billion or US$1,706 trillion\(^1\) and US$28,450\(^2\) per capita
- Foreign Trade Turnover – US$601.9 billion\(^3\)
- Industrial Production Index – 102.0 per cent (2019), compared to January 2018
- Consumer Price Index – 104.5 per cent (2019), compared to January 2018
- Producer Price Index – 102.9 per cent (2019), compared to January 2018
- Real Disposable Money Incomes – 100.8 per cent (2019), compared to January 2018
- Total Unemployment (over 15 years old) – 3.5 million persons (4.7 per cent of the workforce)
- Total Number of Officially Registered Unemployed – 0.7 million persons including 0.6 million people receiving unemployment benefits
- Total Number of the Employed over 15 years old as of January 2020 – 74.8 million persons including 31.8 million persons with formal employment (staff members) accounting for 44.3 per cent of total employment
- Average Monthly Salary in 2019 – RUB 46,131 or US$719.

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\(^1\) US$1 = RUB 64.08 according to the Bank of Russia’s official rates on 1 December 2019. At the time of publication in March 2022, US$1 = RUB 107.24.


Russia's social dialogue institutions

At the national (federal) level, social dialogue is organized through the Russian Trilateral Commission on the Regulation of Social and Labour Relations (Russian Trilateral Commission, hereafter the Commission). The Commission, which is a permanent body consisting of 90 representatives of Russian trade union associations, Russian employers' associations and the government of the Russian Federation, carries out work in seven areas of the General Agreement through seven working groups. The Commission exercises its right to collective bargaining at the national (federal) level with the aim of signing the National General Agreement. The body contributes to organizing discussions and consultations on issues related to drafting federal laws and other regulations of the Russian Federation in the sphere of social and labour relations, federal programmes on labour, employment, labour migration and social security. The Commission was created to ensure coherence between social partners at the national (federal) level in key areas of social policy in Russia.

The effective General Agreement between Russian trade union associations, Russian employers' associations and the government for 2021–2023 was signed on 8 April 2021. The General Agreement establishes the framework for regulating social and labour relations and subsequent economic relations at the federal level. In addition to the General Agreement, national (federal) level social partners can sign sectoral (intersectoral) agreements establishing general working conditions, compensation and benefits for workers in a sector or specific occupation. As of 2021, 50 sectoral agreements signed at the national (federal) level have been registered by Russian authorities.

Russia's social dialogue culture

The Federation of Independent Trade Unions of Russia (FNPR), the largest Russian trade union association, together with the Confederation of Labour of Russia (KTR), cooperates closely with state authorities. Experts claim that it, in fact, ensures prevention and settlement of collective labour disputes for maintaining peace in the social and labour sphere through a vast network of trade union organizations at all levels (Traub-Merz and Gerasimova 2018). The FNPR includes 78 regional and 42 sectoral trade unions. Employers' associations act as a source of information and consultations for the government. Under the effective legislation, national-level social partners discuss all legislative proposals on social and labour relations. The Commission adopts resolutions which are to be considered by government bodies authorized to pass legislation. At the regional level, social dialogue also takes place in the context of regional trilateral commissions.

The culture of social dialogue in Russia can be referred to as collaborative, avoiding major social and labour conflicts, and aimed at compromise between social partners.

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Immediate socio-economic impacts of the pandemic

It is estimated that GDP in the Russian Federation declined by 3 per cent in 2020. By the end of 2020 unemployment reached 5.9 per cent. According to the government of the Russian Federation, the COVID-19 pandemic inflicted significant social and economic damage on the sectors of transportation, services and retail trade. The Russian Union of Industrialists and Entrepreneurs (RSPP) reported heavy losses suffered by enterprises using foreign industrial equipment and completely dependent on the presence of foreign specialists (engineers, technicians, operators and others) in Russia.

First government responses and strategies

Like many other countries, the first response to the pandemic in the Russian Federation was to release a package of emergency measures: a national lockdown that closed Russia's borders to foreigners from 18 March 2020; halted the operation of restaurants, bars, beauty salons and recreational facilities; forbid mass gatherings; restricted international passenger and freight transport; and introduced non-working days whereby workers were paid to stay home and employers were obliged to pay their wages for this period. By the middle of summer 2020, without public consultation with social partners but having received many appeals and other initiatives from social partners, the Russian government announced a set of measures to support employment: financial incentives for employers to retain jobs and concessional loans for employers to pay wages. After consultations with social partners at the Commission, a new law regulating remote work was drafted at short notice. Moreover, more digital public services (unemployment registration, social benefit claims) were made available online and simplified. More individuals also received the right to claim social benefits for children.

According to an official at the Ministry of Labour and Social Protection, initially, when the government was facing the problem of acute shortages of medical staff, it adopted regulations aimed at retaining jobs, ensuring security at work and protecting healthcare workers: Presidential Executive Order No. 313 of 6 May 2020, Government Decree No. 695 of 16 May 2020, and commentary on their execution in...
the Letter from the Ministry of Labour and Ministry of Health No. 15-3/10/P-4559 and No. 28-0/1/2-6772 of 19 May 2020.16

The above-mentioned regulations were aimed at ensuring a speedy settlement of health insurance claims by healthcare professionals affected by COVID-19. Executive Order No. 313 officially recognized COVID-19 as an occupational disease, but due to the subsequent criticism from trade unions, it was revised so that medical professionals could claim the benefit even if they were unable to prove that they had contracted the disease at the workplace. The recommended period of investigation was set to be within 24 hours (including all administrative procedures needed for information exchange); the documents proving the insured event were to be sent promptly both to the Fund of Social Insurance for the payment to be made and to the insured person (or their dependants) at their request. The Trade Union of Healthcare Workers of Moscow reported that they were involved in the process of the realization of Executive Order No. 313 by consulting with both employers and authorities, informing employees how to get compensation and the required documentation.17 FNPR informed its member organizations on the provision of additional insurance guarantees to specific categories of medical workers in accordance with Order No. 313, as well as the recommendations of the authorities on its implementation. Namely, one-time insurance payments were made to doctors, middle and junior medical personnel and ambulance drivers confirmed to be infected with COVID-19.18

Government Decree No. 440 of 3 April 202019 simplified the procedures for employers’ special assessment of working conditions: the period of validity of assessment results expiring between April 2020 and February 2021 was extended until 1 March; the deadline for OSH assessment was extended until 1 October 2020. There is no information on any public consultations with social partners on these measures.

At the meetings of the Commission, social partners supported the adoption of the Decree of the Government of the Russian Federation No. 2402 on Amendments to the Decree of the Government of the Russian Federation No. 887 dated 19 June 2020. Employees of the regions of the Far North and other associated areas, and their minor children were given a travel and baggage allowance to holiday within the Russian Federation at the expense of employers in 2021; they could not use this benefit in 2020 due to restrictions on movement in a pandemic. There are also mechanisms for returning or prolonging travel and transport documents for 2021.20

Peak-level social dialogue emergency and adjustment type

Early social dialogue initiatives and the role of pre-existing formal bodies

At the beginning of the pandemic, on 27 March 2020, national (federal) level social partners adopted the Declaration of the Russian Trilateral Commission on Employers’ and Workers’ Actions in the Context of Preventing the Spread of the Novel Coronavirus Infection in the Russian Federation. In the

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document social partners highlight the importance of joint efforts to develop and implement measures to overcome the negative impacts of the COVID-19 pandemic based on social dialogue at federal and regional levels. The Declaration calls for an immediate coordinated response to prevent the spread of coronavirus; to maintain the competitiveness of organizations; and to protect workers’ labour rights, ensure labour market stability and support people’s incomes. To this end, government authorities, employers’ associations and trade union associations were to interact within the framework of social partnership, with balanced and informed decision-making and mutual responsibility among the parties. The Commission calls for constructive cooperation between workers and employers for the accurate and consistent implementation of recommendations issued by government authorities. It also urges government bodies and local authorities to take measures necessary to support employers, workers and their families and to maintain social and economic stability in the regions.

In 2020, Recommendations on Actions of Social Partners, Workers and Employers Aimed at Preventing the Spread of the Coronavirus Infection in the Russian Federation were adopted in line with the Declaration. In this document the Commission recommends that social partners promote employment and support incomes of the population; retain jobs and ensure the sustainability of organizations and make sanitary arrangements in organizations and at workplaces. The Recommendations instruct government authorities to implement economic policies aimed at supporting employers and individuals, including targeted assistance, support of industries, retention of jobs and the preservation of human resource potential, and income support with the participation of employers and trade unions. The Recommendations also specify procedures for inspections conducted by the State Labour Inspectorate during the pandemic when employers are inspected only in the event of non-payment of wages or illegal dismissals and in other cases stipulated by the Russian government.

They go on to recommend widespread measures, including at the workplace and to prevent the further dissemination of the virus, among others; providing updates to the online portal “Work in Russia” (information about job opportunities); interacting with Russian regional executive bodies and local authorities in the context of organizing e-learning; shifting to remote work (flexible working hours, part-time work, shift duration); cancelling business trips abroad and cutting the number of domestic business trips; shifting to electronic document workflow and minimizing the physical presence of unauthorized visitors; suspending mass gatherings and organizing meetings online; denying access to workplaces if employees have symptoms of respiratory conditions, taking employees’ temperature, isolating the infected, ensuring air circulation and so forth. Workers are advised to follow hygiene rules, inform the employer about health conditions, self-isolate, and receive sick-leave e-certificates for self-isolation periods, etc.

Throughout 2020 social partners discussed a draft proposal for amending provisions of the Labour Code regulating remote work. The State Duma Committee on Labour, Social Policy and Veterans’ Affairs created a working group composed of representatives of the Federal Assembly of the Russian Federation, the Ministry of Labour, the Federation of Independent Trade Unions of Russia, the Russian Union of Industrialists and Entrepreneurs and other stakeholders. The amended Labour Code of the Russian Federation came into force in 2021.21 The RSPP notes that the law does not entail unnecessary bureaucracy and enables the parties to labour relations to settle many remote work issues through collective bargaining. When interviewed, the FNPR gave a positive assessment of social partners’ involvement in discussing the draft law and welcomed amendments to the Labour Code as the new law bans discrimination against remote workers compared to on-site workers and contains a detailed list of grounds for employee dismissals (previously any grounds for terminating a labour contract were set by a labour contract). Furthermore, the FNPR approved the priority given to collective bargaining over individual contracts when regulating working conditions of remote workers as well as a system

of guarantees and protection of workers' rights in the context of changing employment. The FNPR promoted these amendments to the Labour Code during discussion of the bill.

**Ad hoc COVID-19 bodies, participation of tripartite partners and outcomes reached through peak-level social dialogue.**

One of the most important *ad hoc* bodies is the Emergency Response Centre to Prevent the Import and Spread of the Novel Coronavirus Infection on the Territory of the Russian Federation.\(^2\) According to the Ministry of Labour, decisions taken by this body are based on information received, *inter alia*, through social dialogue. During the interviews, social partners mentioned that the government had tried to bypass the Tripartite Commission's authority at the beginning of 2020 when relevant amendments to the labour legislation were proposed by the government to the State Duma. The government aimed to gain authority over labour relations regulation without discussion in the Committee and without the adoption of the relevant laws. But after public discussions at the Committee, the amendments were not adopted by the State Duma. Employers' and employees' representatives also mentioned that many of the government's socio-economic programmes had not been discussed with them directly. One might safely assume that when the Ministry of Labour uses the term "social dialogue", it also encompasses the state's own regulations, which it then adopts on-demand from social partners. Those demands on the state may emanate from the public space and public discussions with social partners beyond the Committee. Thus, the Ministry of Labour appears to consider social dialogue as the adoption of some relevant regulation as a response to public discussion, direct letters with proposals from social partners and so on. Also, during the pandemic, decisions by state and regional authorities were adopted at so-called operational headquarters (not actually a public space), and they included social partners on the national or regional level. Although we have no information on the process of decision-making there, social partners' representatives said that they collected and passed operational information from enterprises and workers to the headquarters (like information on those branches of the economy which needed state support) and played a significant role in sharing information on new regulations to workers and enterprises and helping them to get material support from the state.

Furthermore, a Coordination Council was established within the framework of RSPP. It includes representatives of employers, the government (the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Well-Being, the Ministry of Health), trade unions, the Russian Academy of Sciences. The meetings were convened on a weekly basis. The Coordination Council of RSPP collected data from the regions and forwarded them to the Government Coordination Council and the Working Group of the State Council to make immediate and medium-term decisions on issues related to supporting employers (and, thus, their workers with formal employment) (Well 2020). Furthermore, the RSPP Coordination Council collected and distributed ILO and OECD materials on COVID-19, legal recommendations for doing business during the pandemic, information about vaccination and its procedures, patterns of business behaviour if infected persons are detected in an organization, publication of direct appeals to government authorities and their response.\(^2\)

The RSPP reported a significant contribution to the procurement of test kits for Russian employers. In cooperation with the Russian government, the RSPP ensured simplified procedures for official authorization of test kits imported to Russia as they were not produced domestically. The RSPP Coordination Council launched the website “RSPP COVID-19 Situation Centre”.\(^2\) The website aimed to collect and process data on the incidence of COVID-19 infections, test kits supplied to employers, economic forecasts at all levels, vaccine development as well as best practices from other countries'
responses to the pandemic. For example, the portal gave employers an opportunity to receive analytical data concerning the number of workers who could be shifted to remote work without detriment to business operations. Furthermore, the RSPP Coordination Council collected data on the needs of medical facilities for medical equipment and personal protection equipment as well as on financial or material assistance provided by employers to healthcare facilities or the Russian regions. According to the RSPP website Library of Russian Business Practices Aimed at Supporting Russian Society in the Fight Against COVID-19,25 employers offered the following support since the onset of the pandemic: financing emergency response centre; test kit development; converting clinics to testing facilities, hospital admission and treatment of the infected; producing PPE (masks, gloves, protective clothes for healthcare workers, goggles, face shields, respirators); developing online healthcare services; financial support for medical staff; procurement of equipment for elderly people and social care facilities; financing vaccine development; taxi services for healthcare workers; buying medicines for hospitals; building hospitals and laboratories; supporting the general population; discounts for transportation of socially significant cargoes; free sanitizers; discounts for individuals using public transport at certain times to reduce the number of commuters; paying for pet walking; providing foodstuffs, transport and catering for healthcare workers; buying pet food for shelters and others.

Consultations between the RSPP and government bodies resulted in the adoption of the Presidential Executive Order of 15 June 202026 establishing the right of foreign citizens to be employed at Russian enterprises without legalizing their stay in the Russian Federation (visas and residence permits were extended automatically). As of the time of writing, the deportation of foreigners is forbidden. Many foreign citizens stayed in Russia due to the suspension of deportation.

The Seafarers’ Union of Russia (affiliate of the Confederation of Labour of Russia – KTR) reports that social partnership at the sectoral level (members of the Russian Trilateral Commission, the Federation of Trade Unions of Maritime Transport Workers, the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Well-Being and the Ministry of Labour) contributed to the adoption of Order of the Russian Government No. 2338-r of 12 September 2020. According to Government Order No. 2338-r, crew members of seagoing and river vessels at Russian ports are allowed to enter and leave the country using road, air, rail and sea transport (Seafarers’ Union of Russia 2020). These measures enabled the rotation of Russian seafarers’ crews both in the Russian Federation and abroad.

Roles assigned to social partners in view of implementation and monitoring of outcomes and measures

The Ministry of Labour mentioned the online monitoring of labour law violations through a hotline of the Federal Service for Labour and Employment (Rostrud) and online services for filing appeals with the State Labour Inspectorate “Onlineinspection.rf”.27 It also referred to online collection of data from employers through employers’ personal accounts on the online portal “Work in Russia” including: the number of employees expected to be made redundant, idle at work, on leave or working remotely on a temporary basis due to the introduction of restrictive policy measures (quarantine). The RSPP and the FNPR monitor implementation of policies with the help of the information received from the regional emergency response centres.

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27 See “Onlineinspection.rf”: https://онлайнинспекция.рф
Peak-level social dialogue and additional opportunities and challenges for social dialogue

Both the FNPR and RSPP mentioned that at the early stages of the pandemic, the government attempted to exclude social partners from the range of actors involved in decision-making on social and labour issues, explaining that the Russian Trilateral Commission’s procedures were unsuitable for making immediate decisions. The bill to that effect was under consideration in the State Duma. However, social partners managed to prove that that proposal was overzealous. Thus, social dialogue was preserved during the pandemic and the meetings of the Russian Trilateral Commission were conducted online on a regular basis. According to the RSPP, due to the pandemic, social partners had no personal contacts that could enable effective discussion of problems on the sidelines. At the same time, online meetings of the Russian Trilateral Commission were prone to technical issues. For a long time, there was much uncertainty about the situation of Russian employers, and government policy was prioritized to favour short-term strategies over medium-term and long-term ones.

Peak-level social dialogue helping the world of work to recover from the crisis

The role of ad hoc COVID-19 bodies, with the participation of tripartite partners

According to the Ministry of Labour of the Russian Federation, consultations with social partners at the meetings of the emergency response centre on 14 January 2021 and 23 April 2021 resulted in the approval of an action plan to attract foreign citizens to the Russian economy. The right to employ foreign workers was granted to medium-sized and large employers in need of foreign workers if such enterprises participated in federal and regional programmes, investment projects and other initiatives important to certain Russian regions. That being said, employers were to ensure compliance with quarantine measures and healthcare for foreigners as well as to follow certain administrative procedures. Moreover, in order to take emergency measures in response to the crisis for a more sustainable labour market and regulation of foreigners’ legal status, the President of the Russian Federation signed Executive Order No. 364 of 15 June 2021 on Temporary Measures to Regulate the Legal Status of Foreign Nationals and Stateless Persons in the Russian Federation until Consequences of Novel Coronavirus (COVID-19) Are Overcome. Executive Order No. 364 resulted from consultations with social partners (according to the Ministry of Labour). It allows foreign workers to apply for work permits in the Russian Federation between 16 June 2021 and 31 December 2021, even if they came to Russia for another purpose.

Roles assigned to social partners in view of implementation and monitoring of outcomes

At the beginning of the pandemic, the RSPP issued proposals to identify systemically important organizations and to develop support measures targeted at these large employers. The RSPP reports that after the government decided to support systemically important organizations in 2020 due to concerted efforts of RSPP emergency response centres in the regions, it promptly received lists of those enterprises that qualified as systemically important and required government assistance. Assistance was targeted at companies that had a significant impact on the country’s economic development, employed

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28 RSPP Proposals on Anti-crisis Measures. See: https://media.rspp.ru/document/1/0/e/0ebc71f2804690e054f513dd2b310aff.pdf
the majority of workers in their sectors and were the largest taxpayers. According to open-source data, 1,392 systemically important organizations received government assistance in 2020.30

The role of pre-existing bodies and outcomes reached through peak-level social dialogue

The Russian Trilateral Commission played a traditionally important role in signing the General Agreement between Russian trade union associations, Russian employers’ associations and the government for 2021–2023, dated 31 March 2021. The Agreement includes parties’ obligations in the context of measures aimed at preventing the spread of COVID-19. Social partners shall promptly make proposals to sustain organizations, ensure their operations and competitiveness, protect workers’ rights, contribute to stability on the labour market and support people’s incomes. Social partners agreed to analyse the effect of the pandemic on the country’s social and economic development, monitor support measures targeted at citizens and organizations during the pandemic and put forward proposals concerning further steps to support the population and business.

The General Agreement also envisages obligations of the parties to contribute to the implementation of the principles of the ILO Centenary Declaration for the Future of Work adopted at the 108th session of the International Labour Conference in 2019 based on the fact that coordinated efforts of the parties to the General Agreement are the main prerequisite for social justice and stability. The parties recognize that the main aim of the General Agreement is increased welfare of the population and social protection of workers through a more effective Russian economy and higher domestic demand. The parties intend to pursue policies promoting human potential and principles of decent work, social justice, responsibility, more effective public administration and enhanced social partnership in the world of work.

The main measures envisaged in the General Agreement for 2021–2023 are targeted at formal workers and aimed at a gradual increase of minimum wages above the subsistence level of the working-age population ahead of the inflation rate; higher real wages; indexation of wages and the timely payment of wages including wages for remote work. Special attention is paid to obligations to protect labour rights of workers in the public sector. Provisions 3/1/2 of the General Agreement include measures to promote employment of young people, women with underage children and individuals facing difficulties in finding a job.

Peak-level social dialogue and collective bargaining agreements on COVID-19-related issues covering specific sectors, regions/territories, professions or enterprises

The Sectoral Agreement for Organizations controlled by the Ministry of Education of the Russian Federation for 2021–2023 envisages the provision of teaching staff working remotely with the necessary equipment, IT software and hardware, protection of data, communication channels and other tools at the expense of employers.

Under the Regional Tripartite Agreement between the Government of the Tulskaya Region, the Tula Federation of Trade Unions and the Tula Regional Union of Employers for 2021–2023, employers shall provide one of the parents (at their request) having one or more children under 14 years old or one of the parents (lawful guardians) having a disabled child with an opportunity to work remotely, flexible hours or part-time (1.5.1).

The FNPR reports that Sectoral Agreements in the Krasnodarsky and Permsky regions introduce shorter working hours, compensation (10–15 per cent of basic salary), extra paid leave (from 14 to 21 days

depending on the specialization and qualification of healthcare workers), milk allowances and other products or their cash equivalents for healthcare workers employed in medical facilities converted to facilities for treating COVID-19 patients.

Social dialogue’s role in designing or operationalizing COVID-related government measures

On 25 June 2021, the FNPR and RSPP adopted a joint appeal\(^3\) to the Russian government to introduce compulsory vaccination for the entire adult population of the country with only a few exceptions, in accordance with recommendations issued by the Russian Federal Service for Surveillance on Consumer Rights Protection and Human Well-Being (Rospotrebnadzor). Compulsory vaccination is anticipated to prevent the further spread of coronavirus and ensure the sustained recovery of the economy and the labour market to pre-pandemic levels. Social partners urge workers to get vaccinated in order to work safely and to protect their families. The appeal is also targeted at employers, calling for their resources to be mobilized for workers’ vaccination.

In July 2021 Moscow announced that, following the decision taken by S. Sobyanin, mayor of the city, that only vaccinated individuals with a special QR-code would be allowed to go to restaurants, bars and similar facilities. The RSPP reports that this decision resulted from active negotiations between representatives of employers in the hospitality sector and the Moscow government in order to stimulate vaccination and prevent the closure of these enterprises.

According to the RSPP, it was actively engaged in developing the initiative to convert different resort and health centres in certain Russian regions to centres for post-COVID-19 rehabilitation. As of today, post-COVID-19 rehabilitation is available in about 11 regions of the Russian Federation (Vacation in Russia 2021).

Challenges encountered in implementation

The FNPR reported widespread uncertainty about the voluntary or compulsory status of vaccination. Before the decision on compulsory vaccination was taken in Moscow, vaccination was generally voluntary, and the unexpected decision making vaccination compulsory required clarification concerning the legitimacy of these measures.\(^3\) According to the FNPR, during the pandemic the issues of collective representation of the self-employed and legal mechanisms for their inclusion in social dialogue were again in the spotlight.\(^3\) However, the FNPR believes that the biggest challenge in the world of work is a mass replacement of labour relations with self-employment. According to the RSPP, with reference to the discussion on drafting the new National Strategy of the Russian Federation until 2030, the biggest challenge ahead is poverty and the threat of the situation becoming worse.

Challenges, opportunities and the day after: COVID-19 as an opportunity subject to functional social dialogue

Initially, the pandemic created challenges for all social dialogue participants as the infection was pervasive, unexpected and unpredictable as to its duration and strength. However, it should be noted that social partners were willing to engage in constructive cooperation at all levels for social partnership

\(^3\) The FNPR and RSPP adopted a joint appeal to employers and workers about the need for vaccination. 25 June 2021. See: https://fnpr.ru/events/novosti-fnpr/fnpr-i-rspp-prinyali-sovmestnoe-obrashchenie-k-rabotodatelyam-i-trudyashchimsya-o-neobkhodimosti-vak.html
\(^3\) The FNPR commented on the possible suspension of workers due to their refusal to get vaccinated. 24 June 2021. See: https://t.me/FNPR_official/321
\(^3\) The FNPR regards collective representation of the interests of the self-employed using digital platforms as very challenging. 29 May 2021. See: https://t.me/FNPR_official/270
to survive. Social partners asserted their right to be involved in taking decisions of social importance; they provided a lot of information and financial support to the general population, healthcare workers and business, and demonstrated their willingness to be engaged in coordinated and disciplined actions.

COVID-19 as an opportunity missed

The research showed that, when it came to adopting strategic plans for overcoming the crisis and ensuring economic recovery, the role of Russian social partners was not pivotal and got little public attention. The state mainly reached out to social partners to collect and distribute information and financial assistance. The government was unable to embrace new flows of information about the real state of social partnership and concentrated on the social welfare of the population and bailouts for business. Although adoption of the law on remote work demonstrated that social partners could work effectively and constructively, the government did not use the full potential of social dialogue to engage in strategic decision-making on labour issues in the context of the pandemic. The pandemic also has made it clear that social partners at the federal level could have done more to offer existing platforms to representatives of migrants, those working on digital platforms and the self-employed to be involved in social dialogue (Lyutov and Voitkovska 2021).

Evolution of social partners’ involvement as the pandemic continues

Peak-level social partnership in the Russian Federation has not undergone significant changes: the composition of the Russian Trilateral Commission has remained intact; its agenda seems to be more suitable for normal activities than for emergency situations. Despite social partners’ active communication policy and willingness to take part in consultations, their actual contribution to the government’s decision-making and their motives remain limited. At the same time, researchers of protest movements mention a trend whereby in 2020–2021 some Russian workers are increasingly engaged in collective action at the local level with no involvement of trade unions, in order to get their concerns addressed. Other workers turn to government authorities and not to their employers to get their rights respected (Bizyukov 2021a, 2021b). In certain occupations (e.g. platform work) workers’ representatives engaged in negotiations with local authorities directly.

Prospects and options for improving social dialogue

One of the positive prospects for social partnership development in Russia is the engagement of new actors in social dialogue: the self-employed, workers on digital platforms and migrants. Such an expansion of the Russian Trilateral Commission membership would make it possible to create new platforms to discuss the future of the world of work in Russia. The rapid development of digital technologies may be used for collecting big data about social partnership, wages, collective disputes and protests, gender equality, violence and abuse in the world of work.

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