

THE EFFECTIVENESS OF SOCIAL DIALOGUE IN GREECE

by

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In the last meeting of Presidents and General Secretaries of Economic and Social Councils of the European Union held in Athens last December, we extensively discussed the procedure and the subjects of Social Dialogue in our countries and we found out that, in one way or another, Social Dialogue has developed in all advanced European countries and it has covered many issues common in most countries.

Now, I think, it is the appropriate time to discuss another aspect of social dialogue which refers to its effectiveness which depends very much upon the economic, political and social conditions of each country.

Before presenting the Greek case, a distinction should be made between the two aspects of this term. The first aspect is rather legal: in what way the agreements reached in a social dialogue process have been materialised, i.e. whether these agreements were incorporated in a legislative text and became something more than a simple declaration of a political nature. The second aspect is economic and social: whether the materialisation of these agreements had contributed to the pursuit of the objectives of social dialogue: economic development, increase of employment and enforcement of competitiveness, reconstruction of social-security system, just to mention the most important objectives of the social dialogue in Greece, but also in other countries.

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First of all, I would like to make clear that it is too early to talk about the second aspect of effectiveness in Greece because social dialogue (in the manner that we deal with it in this context because social dialogue, in the sense of a national collective bargaining, has been taking place in Greece for many years) was only recently completed; hence we cannot yet see the effectiveness of the above agreements.

Besides, these agreements leave, in many aspects, a lot of choices for the legislator and, therefore, the effectiveness depends more on the particular legislative choice rather than on the agreements of the dialogue themselves. Besides, Greek employees believe, that many of these agreements are not seriously taken into account by government officials.

This is the reason that only the first aspect of the effectiveness is presented here which is the statutory materialisation of the social dialogue agreements. Social dialogue in Greece was carried on by two parallel procedures. The first procedure dealt with **development- competitiveness and employment - industrial (labour) relations**, commenced in May 1997 and was completed by November in the same year. The second procedure dealt with **social security issues**, commenced in July 1997 and was completed by April 1998.

The details of what was discussed in the first procedure (i.e. development- competitiveness and employment - industrial relations), are included in the intervention of the former President of ESC Prof. Koukiadis during the December 1997 meeting (the minutes issued by Greek ESC were sent to you in March). At this point, I would like to refer only to the subjects discussed in the second procedure, i.e. the social security dialogue, which, as I have just mentioned, was recently completed. The topics covered were the following: the utilisation of the

assets of social security funds, the elimination of evasion of public insurance contributions, the simplification of procedures, the citizen - social security fund, the creation of a list of all benefits provided by the funds and finally the study of the health care provided by the Funds.

I should bring into your attention that two important issues were not discussed: the pensions' age limit and the level of the social security contributions and pensions. The government which had the responsibility for initiating the social dialogue, postponed the discussion of these important issues and put forward the other six issues which I just mentioned. Employees disagreed with the above governmental choice because they believed that all issues should be discussed. The government believed that in the short run it is better to take actions to solve the immediate problems and at a later stage to discuss the critical topics of age limits and the level of contributions and pensions. However, even these milder issues created a series of disagreements not so much between employers and employees, but between the government and the social security funds on the one side and the social partners on the other.

Having in mind all the issues that were discussed during the two parallel procedures of social dialogue in Greece, we will now see the steps taken towards the materialisation of these agreements.

As far as the agreements on development- competitiveness and employment - industrial relations are concerned, some first steps were made on the first two topics. More specifically a so called development - investment law was passed which included a reduction in free subsidies, an increase in tax breaks and the use of the unemployment rate in one area as a determinant of investment credits and subsidies.

On the other hand, the materialization of the agreements regarding industrial relations has not even started yet. A draft-law is being prepared

which will attempt to change the scene in labour relations. According to the available information we have, it will include measures to limit the employment of pensioners, it will entail provision for Territorial Pacts of Employment in areas with high unemployment rates, it will introduce part time employment in the public sector and it will protect employees in atypical form of employment.

Several of the above points fall within the scope of the conclusions of social dialogue, but this is not true for all of them. For example, the employees do not agree with the inclusion to the Territorial Pacts of Employment of issues which are the subjects of collective bargaining. But above all, the issue which is expected to raise high tensions, is something which will be included in the draft law but which was not discussed in the social dialogue: the flexibility in the working time. In particular, a provision will give the employer the right to employ his workers during a given period beyond the legal time limits (daily or weekly), provided that extra free time is given in another period. This issue was not discussed because employees' side demanded that it is discussed along with their proposal for a decrease in the weekly hours of work from 40 to 35, without any decrease in payments. However, the employers' side did not accept to discuss this demand. In any case, the government has seemingly decided to go ahead with the provision of time flexibility and it is likely that the debate over this issue will prevail over all the other issues.

Another subject which was discussed in the social dialogue for competitiveness and employment to which I would like to refer more particularly are the annual increases in the salaries. The agreement was that the agreements reached through collective bargaining will protect the income from inflation and at the same time it will also give a further increase, taking in account the increase in productivity and the need to

strengthen employment as well. As you realize, the wording of this conclusion is quite broad and leaves a lot to be determined later. Of course, the appropriate instrument for its realization is the annual or bi-annual national collective labour agreement. Today only a few months since the end of the social dialogue, the two sides in the national collective bargaining, which was just completed, faced difficulties in applying the above agreement.

Talking about this year's national collective bargaining, I take the opportunity to inform you that the realization of the social dialogues' conclusions faced unexpected difficulties because of drachma's devaluation. The prospect of Greece's participation in the Economic and Monetary Union in the second face (end of 1999 - beginning of 2000) forces the government to take important policy measures that will restructure the Public Enterprises.

With these remarks I close my reference to the conclusions concerning the development - competitiveness and employment - industrial relations. As for the realization of the conclusions of the social security, it is too early to say anything, because the process itself was just completed. The timetable issued by the government is that the draft law will be given to the Press and to the social partners in June and that it will be submitted for opinion to the Economic and Social Council of Greece. It is expected that the draft law will be enacted by the parliament at the beginning of fall. I must say, however, that a draft law is being prepared for a social security issue which was not discussed in the social dialogue: the merging of the social security funds which in Greece are incredibly many. The issue was not discussed at all and an attempt to discuss the merging of the bank-employees' funds was unsuccessful. My personal belief is that,

despite the information that such a draft law is being prepared, any relevant action will be postponed for a later stage.

Concluding my intervention I would like say that, in evaluating the effectiveness of social dialogue in Greece, we must take into account that it is the first time that a multilateral social dialogue (i.e. with the participation not only of employers and employees, but also the independent professionals, the farmers etc., as well as the government itself) was concluded. The results may be evaluated in various ways. Regardless of how each participant evaluates the results, I think that everybody agrees that the outcome was inferior to the initial expectations, mainly because of the government's hesitation in advancing institutional reforms on critical issues. On the other hand, the majority of the social partners which participated agree that the social dialogue, despite its weaknesses, was a positive and necessary first step in the direction of mutual information and consensus building.