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Greece under the Troika

An interview with Professor Wolfgang Däubler, conducted by Ciaran Cross, researcher for the International Centre for Trade Union Rights (ICTUR)

Professor Däubler, could you first explain a little about the situation faced by the Greek economy after the 2008 financial crisis?

The crisis made the problems already existing in Greece even more urgent. And, due to the competition between the different countries in the Eurozone, Greece had limited options. When Greece had its own currency, the drachma, there was a possibility of devaluation – one could devaluate the currency if the country was unable to face the competition. But this possibility no longer exists if you are a member of the Eurozone. And therefore Greece had to look for another form of devaluation – internal devaluation. That means they were economically forced to reduce wage costs.

This was done in a very brutal way. Of course, Greece did not choose this of its own will, but under the influence of the so-called Troika [the European Commission, the IMF and the European Central Bank]. By 2012, they had demolished the whole system of collective bargaining and reduced the minimum wage. Today wages are at 75% of the level before 2010, and unemployment is around 24% to 25%. Among young people under the age of 25, unemployment is 50%. That's a catastrophe.

Before 2010, about 90% of all workers were protected by collective agreements. In Greece there are very few large enterprises, and so the legal basis for such high coverage was that collective agreements were declared to be generally binding. In 2012, this system of extending collective agreements was suspended by the Troika. This was very similar to what has happened in Portugal.

In a lot of sectors, there were collective agreements that were still valid for one or two years. So the next step taken was to install a new institution, a so-called 'association of persons', of at least five people who were granted the right to make collective agreements. And of course, these agreements would undercut the regional level or industry level agreements. Because it's quite easy in a small enterprise with ten or fifteen or twenty employees for the employer to say, 'Well, I have no money, we need to go below the level of the general collective agreement, so let's form an association of persons. Ten of my friends will come and we'll have a good evening together and then lower the wages by, say 20%...'

They installed, you might say, 'yellow dog unions', in the sense that they installed associations which were dependent on the individual employer. The majority of collective bargaining was concluded by these associations of persons in 2013 and 2014, and around 10% of all collective agreements were concluded by the unions.

And as a result the coverage of collective agreements fell quite dramatically, from 83% in 2009 to 42% in 2013…

Yes. And even this coverage is misleading because people are covered by collective agreements concluded by associations of persons.

You were appointed last year to an Expert Group to review Greece's labour reforms. How was the group constituted?

In the Third Memorandum between Greece and the Institutions [of 19 August 2015], the idea was introduced to create an expert commission to review the labour market institutions. The group was to orientate itself to the 'best practice' in Europe and its mandate was to realise this best practice in Europe without going back to the situation in Greece before 2010. Four members were nominated by the Greek government and four members were nominated by the Institutions.

Did Greek trade unions and employers' associations participate in the process?

We had, once, a hearing of three days in Athens, and during this hearing both the employers and the trade unions came. At that time the Greek labour minister, Mr. Georgios Katrougalos, managed to get a common declaration of the unions and the employers' associations to re-establish collective agreements, and to re-establish a reasonable minimum wage which should be fixed by collective agreement. It is not the state that fixes the minimum wage, but the social partners. That was very useful for us, that the minister had the social partners on his side, especially on these central points of the work of the commission.

What were the Group's recommendations on issues regard-

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ing the right to strike and lockouts?

As to the right to strike, we had a unanimous position not to change anything – and the situation in Greece is that the lockout is formally forbidden by the constitution and the right to strike is guaranteed by the constitution in a very broad way. There are, however, some court decisions which restrict this right to strike on grounds of proportionality, but it was not possible to propose to change the case law in favour of a larger right to strike. We could, however, say that there are enough limitations on the right to strike, that there is no need to have the right to a lockout. And ultimately even the employers were not interested in making changes to these laws.

That's interesting because the group's report notes that 'the rules on industrial conflict remained unchanged during the years of the economic crisis in Greece'. So why did these issues come under review by the Expert Group last year?

That was the IMF, who found out that there was a prohibition on lockouts in the Greek constitution and that the right to strike in Greece is well protected under law, and therefore they had the idea to change something. But even the neoliberal members of the Group did not really try to do so.

What different positions did the group take on collective bargaining – for instance, on the ability of workers to undercut national or sectoral agreements?

Our side felt that the old [pre-2010] system was a good one. But we could only propose improvements to it. Improvements would mean to make collective agreements generally binding, not only if 50% of all the workers are covered, but also when it is in the public interest – because 50% is rarely reached in practice. And therefore we said: if there is a public interest to make it generally binding, then the government or the labour minister should be able to decide that the collective agreement should take a generally binding effect. And that was an important point.

We had a majority of six to two in favour of this possibility. The neoliberal members wanted to keep the current situation, because it favours more flexibility for enterprises.

And in the majority's recommendation on this issue, it was agreed to allow 'temporary deviations from these norms' under certain circumstances…

Yes, under certain circumstances and only on the basis of a common decision of the social partners. That's the difference. Because right now, there is a very broad capacity to deviate. But it is the social partners who should effectively decide whether to make an opening clause. It means that deviations are made possible only in cases where there are very important issues at stake.

We also did not comment in our report on the associations of persons … We had discussions for hours about it, without a consensual result, so finally we made a redaction of the text that made them superfluous. We did not prohibit them, but they no longer have any function [in our recommendations].

Do you think the recommendations will be followed? The group's report notes that 'with the current national rules, the erosion of national and sectoral collective bargaining has not come to an end and will even continue [over] the next years'.

We were quite optimistic, but the negotiations have been going on now for many months. On the other side, you have only crocodiles! That's the negotiation situation. And it seems that the Institutions are not at all willing to follow our recommendations, as far as I know … At the end of our work in Athens, I thought: we have a common declaration of the social partners, we have our recommendations, and it is the will of the Greek government. And even a member of the EU Commission had indicated their approval, saying, 'Let's do it, let's implement the proposals.'

It takes time, of course, and you never know in the actual situation whether the European Union will suddenly re-discover social policy as a means to improve the integration within the Union … This might influence the situation, and if it were to happen, I don't know whether the IMF would really attempt to veto it.

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The Recommendations of the Expert Group for the Review of Greek Labour Market Institutions are available to download here: http://www.ypakp.gr/uploads/docs/9946.pdf (accessed 21 May 2017).

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