Embedding Neoliberalism in Greece: the transformation of collective bargaining and labour market policy in Greece…

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Q4 Embedding neoliberalism in Greece: the transformation of collective bargaining and labour market policy in Greece during the Eurozone crisis

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ABSTRACT
This paper examines the current struggles between labour and capital in Greece within the broader context of attempts to integrate Southern Europe into the neoliberal project of European Monetary Union (EMU). In the absence of institutional mechanisms, such as institutions of competitive corporatism, to restrain organized labour and embed neoliberalism in Greece, the austerity measures imposed on Greece by the Troika of the European Union (EU), European Central Bank (ECB), and the International Monetary Fund (IMF) are precipitating an internal devaluation of labour costs through the institutional transformation of collective bargaining institutions and the flexibilization of labour markets, and further embedding neoliberalism through the creation of National Competitiveness Boards.

KEYWORDS
Labour; trade unions; collective bargaining; corporatism; Greece; neoliberalism

Introduction

As a macroeconomic policy paradigm oriented towards the strengthening of competitive market forces, neoliberalism entails a degree of institutionalization that shields economic policymaking from democratic pressures. As Cahill points out, the "process of de-democratisation is at the heart of the socially embedded nature of neoliberalism and is central to its reproduction and durability."[1] In this sense, neoliberalism is not so much about deregulation as it is about "*pro-market reregulation*."[2] The neoliberal project of European integration initially sought to reregulate industrial relations through arrangements of "competitive corporatism" in which social partnerships between capital and labour were erected in order to subordinate labour's demands to the imperatives of neoliberal competitiveness. In the countries of Southern Europe—in this case Greece—the institutions of collective bargaining that form the context of social partnership are being "de-democratized" by way of extensive state interference on the side of capital, and new institutions of governance are being erected to further institutionalize neoliberalism.

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The following sections of this paper describe the evolution of labour policy in Greece. The first section discusses the emergence of competitive corporatism as a means of institutionalizing wage restraint by linking wage increases to increases in productivity. The ability of competitive corporatism to succeed in this regard varied across the Eurozone. The second section examines the failure of competitive corporatism in Greece during the late 1990s and early 2000s, when successive Greek governments attempted to introduce reforms to increase labour market flexibility. The third section examines the extent to which Troika-imposed austerity measures during the Eurozone crisis have succeeded in radically transforming labour markets and collective bargaining institutions in Greece. The final section discusses the new institutions of economic governance—in particular, the proposal to create National Competitiveness Boards—designed to embed neoliberalism in ways that have implications for the existence of social partnerships as well as the ability to move beyond neoliberalism.

Competitive corporatism and labour market reform in the Eurozone

The Eurozone crisis is playing out within a larger context of the contested processes of labour market reform that were introduced as part of EMU. In the 1980s and 1990s, the economies of Southern Europe witnessed the emergence of social pacts or social partnerships between capital and labour, seemingly reminiscent of the corporatist arrangements of Central and Northern Europe during the postwar period.[3] Despite these formal similarities, however, the context of contractionary macroeconomic policy ensured that such corporatist arrangements would remain oriented to a neoliberal, rather than Keynesian, set of policy objectives. The purpose of the renewed social pacts, however, was not to "guarantee a smooth interaction of macroeconomic policy (as in the Keynesian concept), but to increase the overall national competitiveness [of the economy]."[4] Full employment in exchange for wage moderation was not, in other words, the goal of such corporatist arrangements. Instead, such competitive corporatism was intended to ensure labour's commitment to structural reforms—that is, labour market flexibilization—deemed necessary to increase the national competitiveness of individual European economies. Competitive corporatism is therefore part of a larger European agenda aimed at liberalizing labour markets with the stated goal of increasing European competitiveness.

The move towards competitive corporatism occurred in the context of the policy developments related to monetary union. In 1993, the Delors White Paper on Employment (DWP) outlined a commitment to create double flexibility in European labour markets in order to address the chronic unemployment that had emerged in Europe over the course of the 1980s.[5] In particular, DWP indicated that the economies of Southern Europe needed to orient themselves towards the emerging knowledge economy that was the objective of European economic policy by lowering the social security contributions of employers, enabling employers to hire workers on part-time and temporary bases, and modernizing the forms of social protection that were characteristic of the Mediterranean variant of the European Social Model.[6] The high threshold of employment protection—in terms of both the costs and the labour market rigidities they create—was considered an impediment to increasing the

competitiveness of Southern European economies.[7] In particular, the DWP stated that "the laws on the conditions under which workers on unlimited contracts may be laid off need to be made more flexible."[8] During the 1990s, unions across Europe had to adjust to the changing macroeconomic context of post-Maastricht integration, high unemployment, diminishing union capacities, and a renewed employer offensive seeking greater labour flexibility.

The commitment to create flexible labour markets was to be compensated for by a renewed commitment to social policy as outlined in the subsequent White Paper on Social Policy (WPSP).[9] The WPSP re-iterated the DWP's commitment to "improving flexibility within enterprises and in the labour market" and "targeted reductions in the indirect costs of labour (statutory contributions)," but sought to compensate for this increasing flexibility with improvements in "education and training systems, especially continuing training" as well as the development of "measures concerning young people without adequate training."[10] Labour market flexibility therefore would be supplemented not with new social protection, but, rather, with active labour market policies geared towards enhancing skills development and competitiveness. Such measures, it was argued, would increase the fit between unemployed workers and the changing nature of the labour market by enhancing the human capital of the former in order to adapt more effectively to the latter. The underlying belief was that flexible labour markets would solve the bottlenecks that had come to plague the Bismarckian welfare states of the continent.[11] Under the guise of progressive competitiveness, Social Democratic parties embraced the push towards labour market flexibility, considering it to be the most effective means of preserving the European Social Model.[12] As Gray has pointed out, however, in their "emphasis on 'reform' of benefit systems towards 'active measures,' and their assumption of an immutable trade-off between job growth and labour flexibility or labour costs and the growth of jobs, both the DWP and WPSP echoed the neo-liberal positions expressed in OECD policy papers of the early 1990s."[13]

The neoliberal commitment to labour market flexibility was carried over in the Amsterdam Treaty of 1997, despite the push by Sweden and the Netherlands for the inclusion of an employment chapter to commit the EU to the policy objective of a "high level" of employment (but not full employment). The employment chapter called for greater coordination between member states regarding employment policies, the creation of National Action Plans for Employment by member states, and the development of "exchanges of information and best practices." It was noted, however, that this process of coordination "shall not include harmonisation of the laws and regulations of the Member States."[14]

The emphasis on labour market reform also formed a significant element of the Lisbon Programme. Lisbon sought to make the EU "the most competitive and dynamic knowledge-based economy in the world."[15] However, the 2003 report of the Employment Taskforce suggested that the Lisbon discourse has "not been accompanied by the structural reforms needed for stable growth."[16] The impending incorporation of a number of semiperipheral states into the Eurozone ~~in 2004~~ (including Greece's entry in 2002) raised significant problems regarding balanced growth that the report sought to address. At the European level, the report urged governments to increase competitiveness by creating "business environments that support

entrepreneurship, innovation and encourage investment in R&D and sufficient flexibility while ensuring genuine security on the labour market."[17] This would require processes of social mobilization around reform agendas, and require all relevant actors to make concessions and contributions to the reform process. In particular, workers would have to "agree to more diversified contractual and working arrangements, increased mobility, deferred exit from the labour market, wage moderation and differentiation."[18] For Greece, in particular, the report proposed a further reduction of its nonwage labour costs and the elimination of obstacles to part-time work. By 2005, the policy objective of labour market reform had moved from an implicit objective to a policy priority, and yet the EU lacked the institutional mechanisms to enforce convergence around labour market flexibility. In the absence of such mechanisms, labour market reform remained the prerogative of national governments. It is in this context of the European push towards neoliberal labour market policies that Greece enters a period of attempted reforms.

Collective bargaining and labour market reform in precrisis Greece

By the mid-1990s, Greece was registering levels of economic growth well above the Eurozone average, and labour costs were among the lowest in the Eurozone. Unemployment levels continued to increase, however, peaking at just under 12 percent in 1999 before declining again over the next decade, prior to the global financial crisis; and while labour productivity was on the rise, Greek workers still lagged far behind their German counterparts.[19] Rising unemployment in the late 1990s was used as a pretext by those with modernizing tendencies within the Panhellenic Socialist Movement (PASOK) to attempt to liberalize the Greek economy—particularly through labour market reforms, pension reforms, and reforms to collective bargaining—by establishing a social partnership between the state, capital, and labour. In other Southern European countries—Spain, Portugal, and Italy, for example—social pacts were the basis of liberalization; they were the means of getting organized labour to consent to dismantle forms of employment protection that had come to characterize the Mediterranean model.[20] In Greece, despite the growing consensus among employers that greater labour market flexibility was desirable, liberalization met with resistance from both the unions and inaction by PASOK governments. Lavdas attributes this to the "disjointed" nature of Greek corporatism in which the labour movement remains internally divided within its peak associations.[21] Pagoulatos prefers to characterize Greek political economy in pluralist terms—identifying it as a form of "parentela pluralism" characterized by highly fragmented and rent-seeking forms of interest mediation.[22] Regardless of how we characterize the terrain of interest mediation, the fact remains that attempts to create a form of competitive corporatism that would oversee the liberalization process failed, thereby frustrating attempts at reform.

In an attempt to meet the Maastricht criteria for entering the EMU, the newly elected PASOK government put a new series of reforms on the agenda in 1996. The Confidence Pact of 1997 established a tripartite process of social dialogue between representatives from the private sector trade unions, employer associations, and the state. On the agenda were a series of labour market reforms aimed at reducing unemployment, improving social protection, and increasing competitiveness.

The most controversial proposals related to the introduction of part-time labour in the public sector, the recalculation of working time, and the introduction of Territorial Employment Pacts (TEPs) that could set wages below the standards established in the National Collective Agreement. Private sector unions opposed the proposal that TEPs could undermine national wage levels, while public sector unions in the Civil Servants' Confederation (ADEDY) opposed the increase in part-time employment. Both federations advocated the creation of a 35- hour work week with no cut in pay, and sought new restrictions on compulsory and voluntary overtime. The employer associations, in contrast, sought more radical moves towards part-time employment, as well as reductions in employer contributions to national insurance. The Hellenic Federation of Enterprises (SEV) sought a lower threshold on collective redundancies, a reduction in severance payments, and the weakening of the favourability principle[23] embedded in the TEPs. In the course of the negotiations, it became apparent that "the employers regarded high unit costs and the inflexibilities of the Greek labour market as a brake on the competitiveness of Greek businesses," while the unions "argued that the cost of employment in Greece was among the lowest in the EU and that the competitiveness of the Greek economy would be better served through increased productivity, not the deregulation of Greek labour market."[24]

The government struggled to reach a consensus between the social partners. In the end, the General Confederation of Workers of Greece (GSEE) signed the Pact only after the PASOK-affiliated president of the confederation (and head of the PASKE union) employed his double vote. Among the employer groups, the Hellenic Confederation of Professionals, Craftsmen & Merchants (GSEVEE) refused to sign. As a result, the Pact remained a vague agreement regarding some very general targets. The issue of working time was dropped from the final document, and part-time public sector employment was recast to refer to voluntary part-time work. The TEPs were prevented from weakening the favourability principle established by the national collective agreements. At the end of the process, therefore, the Pact failed to substantively push forward the policy objectives of labour market flexibility.

In 1998, shortly after GSEE elections resulted in the narrow re-election of PASKE's president as president of the confederation, new proposals for labour market reforms were unveiled by the Ministry of Labour. The proposals signified a return to policy proposals that had been rejected in the Confidence Pact: a two-hour extension of the work-day (albeit with the consent of the unions, as opposed to the managerial prerogative proposed by SEV); a reintroduction of TEPs; unlimited part-time employment (against the 20 percent limit proposed by the GSEE); and the creation of private employment agencies. Against the wishes of SEV, ~~there~~ the lowering of the threshold of collective dismissals was not reintroduced. This move towards greater flexibility was to be compensated for by greater security in the form of limited social protection. Predictably, the unions were enraged that the new law either contravened the Confidence Pact or introduced new measures that were absent in the pact. On the other hand, employers' associations—particularly SEV—felt that the reforms did not go far enough to satisfy their interests.

In 2000, PASOK tabled more labour market reforms that sought to abolish union consent regarding increases in working time, lower the threshold of collective dismissals, and reduce employer contributions to social insurance. The social dialogue was to

be shortened considerably and assume the form of bilateral discussions with unions and employer associations (as opposed to the 1997 tripartite arrangement). The unions met these proposals with hostility. The GSEE resisted the dialogue on grounds of both the process and the content of the reforms, and promised a hot autumn. Government attempts at salvaging the talks by moderating its reform agenda were unsuccessful as the GSEE abandoned the dialogue and held a one-day general strike on 10 October 2000. Once again, the attempt at compromise failed to impress SEV, which argued that the government's moderated proposals would result in a significant increase in labour costs. The government revisited its agenda in the context of the strike and invited the social partners for another round of dialogue, again to no avail. In the context of failed social dialogue, the government went ahead and pushed its labour market reforms through parliament "with the initial proposals slightly amended in order to take into account the diverging views of the social partners."[25] In response, the unions held another 24-hour general strike on 7 December 2000—the day of the parliamentary debate. The outcome of the legislative process was mixed because of revisions to the bill suggested by the Economic and Social Committee (OKE). Collective redundancies and part-time employment survived the changes proposed by OKE, but changes to overtime bonuses and working-time regulation provisions did not. At the end of the process, relations between the PASOK government and the social partners had been damaged significantly, as evidenced by the government's embarrassing failure to broker a reform of the pension system the following year and its subsequent defeat to New Democracy in 2004. New Democracy sought to prioritize the interests of employers' associations by increasing managerial prerogative over the calculation of working time, a move that alienated even the New Democracy faction within the GSEE leadership.

In the end, attempts at liberalization through concertation—despite the existence of tripartite arrangements such as the OKE, and national pacts such as the Confidence Pact of 1997 and the social dialogue of 2000 and 2001—were widely regarded as a failure. The reform process alienated the labour movement, failed to fully appease the employers' associations, and left the structural features of the Greek political economy relatively untouched. At the onset of the Global Financial Crisis in 2007 – 2008, the Greek economy, despite demonstrating levels of growth above the EU average, was characterized by persistently high unemployment, rising labour costs, and a failed and increasingly antagonistic process of labour market reform that would set the stage for the conflict to come.

The Eurozone crisis, collective bargaining, labour market reform, and austerity

The European response to the Eurozone crisis saw a renewed commitment to austerity through the development of economic governance. The Treaty on Stability, Coordination and Governance (TSCG), announced in December 2011 and signed in March 2012, signified a commitment by member states to "strengthen the economic pillar of the economic and monetary union" by demonstrating fiscal discipline as well as increasing the coordination of the economic policies of member states.[26] The treaty attempted to reinforce the Maastricht criteria by committing signatory governments

to eliminating what economists have called the "structural deficit." As a medium-term objective, the new pact required member states to have a budget either in balance or in surplus, defined in terms of a "lower limit of a structural deficit of 0.5% of the gross domestic product at market prices."[27] While this is not the place to explore the mechanics of the structural deficit, critics have argued that the TSCG acts to further lock in constraints intended to keep governments on the path of austerity.[28] What is clear is that the treaty binds contracting states to "take the necessary actions and measures in all the areas which are essential to the proper functioning of the euro area in pursuit of the objectives of fostering competitiveness, promoting employment, contributing further to the sustainability of public finances and reinforcing financial stability."[29] This requires a renewed commitment to economic coordination.

In regards to peripheral countries such as Greece, the strategy of European elites has been to use the crisis as a means of transforming debtor economies into more competitive market performers. Lacking the capacity to increase competitiveness through currency devaluation as a result of membership in the currency union, the Greek state therefore has embarked on a process of "internal devaluation"—the strategy of increasing export competitiveness by pushing down labour costs through austerity policies and wage repression. Structural adjustment policies have been formulated to radically transform labour and product markets, resulting in the weakening of organized labour vis-à-vis Greek and European capital. As mentioned earlier, Eurozone elites have been pushing an agenda of labour market flexibility since the 1990s. So too has the International Monetary Fund (IMF). As early as 2000, the IMF, while lauding the reform efforts in Greece at the time, lamented the "poor performance of the [Greek] labour market," emphasizing that while the reforms of the period were welcomed, they "have not led to the hoped for turnaround, in particular, for the segments most affected by very high unemployment rates (the young and women) and for the long-term unemployed."[30] In light of this poor performance, the IMF proposed, among other measures, "a reduction in the relatively severe firing restrictions and sometimes overly bureaucratic hiring regulations—which hamper employment chances especially for new market entrants."[31] In other words, according to the IMF, employment protection characteristic of rigid Greek labour markets impeded economic growth and job creation.

In the early stages of the reform process, the Fund noted, predictably, that labour market reforms were crucial to "restoring competitiveness and boosting potential growth." It also noted, however, that the primary challenge that the government would face in implementing its program would be overcoming "resistance from entrenched vested interests to opening-up of closed professions, deregulation, implementation of the services directive, and elimination of barriers to development of tourism and retail."[32] By November 2010, the IMF re-iterated its call for Greece to make further progress on labour market and collective bargaining reforms in order to enhance "competitiveness, reinvigorate output, and increase employment," noting that the reform movement had reached a "critical juncture" and that, in order for Greece to be transformed into a "dynamic and export-driven economy … skillful design and political resolve" would be required "to overcome entrenched interests."[33] Almost five years later, in its April 2015 *World Economic Outlook*, the IMF continued to promote the line that increasing the flexibility of labour markets would "strengthen external

competitiveness" in the EU's debtor economies, while strengthening investment and employment in the EU's creditor economies.[34]

A key ingredient in the liberalization of Greek labour markets, therefore, is a transformation of the institutions and practices of collective bargaining. In this regard, Greece is not exceptional; the attack on established institutions and practices of collective bargaining has occurred across the Eurozone throughout the period of the crisis.[35] Greece is perhaps merely the most contested case of neoliberal transformation. The Eurozone crisis has thus affected Greek collective bargaining practices and institutions in a number of significant ways. First, the hierarchy of multilevel wage setting based on the favourability clause in Law 1867/1990—stipulating that regional and firm-level wage bargaining could not fall below levels agreed to at the national and sectoral levels—has been progressively undermined to increase the fragmentation of wage setting practices. Since the onset of the crisis, a process of derogation in which firm-level agreements increasingly diverge from sectoral standards has taken place. Second, the power to determine the minimum wage has been taken away from the social partners and has become a matter of government legislation, rendering the social partnership increasingly meaningless. Third, existing collective agreements have been subject to arbitrary legislative annulment—particularly as a means of enforcing public sector wage freezes. Fourth, the extent of collective bargaining coverage has declined. Fifth, the length of time in which an expired collective agreement remains in force has been reduced. And lastly, the rights of unions to collectively bargain at the firm level have been progressively weakened.

Collective bargaining and wage setting

In terms of wage-bargaining mechanisms, the process of undermining the nationally established favourability clause through a process of derogation has occurred through a number of progressive stages. Since 1990, Greek industrial relations had been governed by multilevel collective wage bargaining in which firm and sectoral collective agreements could not deviate from nationally established standards if the former resulted in a deterioration of the gains won by workers. On 17 December 2010, the PASOK government passed Law 3899/2010, an aspect of which brought in special company collective agreements that weakened nationally established labour standards under the rubric of increasing competitiveness and reducing unemployment. Law 3899/2010 amended 1876/1990 by stipulating that, under special company collective agreements, "remuneration and working conditions may deviate from the relevant sector collective agreement up to the level of the general national collective agreement."[36]

According to this amendment, Article 10 of 1876/1990 (the favourability clause), as well as other articles referring to the scope of collective agreements, "do not apply" to special company collective agreements. This suspension of the favourability clause will be in place "until at least end-2015, [sic] in such a manner that firm-level agreements take precedence over sectoral and occupational agreements."[37] The stated purpose of such derogation, the amendment states, is to enable firm-level collective agreements to "take into account the necessity of improving firms' adaptability to market conditions, with a view to create or preserve jobs and improve the

firm's competitiveness."[38] In 2011, the government sought to assess the performance of the new special firm-level collective agreements and ensure that they "contribute to align wage developments with productivity developments at firm level, thereby promoting competitiveness and creating and preserving jobs."[39]

The politics of the crisis have also undermined what existed of the social partnership. Since the 1950s, General National Collective Agreements (EGSEEs) have traditionally been negotiated between the national-level peak associations of labour (GSEE) and capital (SEV and the National Confederation of Hellenic Commerce and Entrepreneurship (ESEE)). The minimum wage is a key area of this bargaining process. In November 2012, however, the coalition government of New Democracy-PASOK-Democratic Left (DIMAR) passed law 4093/2012 that granted to government the power of determining the minimum wage. At the beginning of 2013, the government reduced the monthly minimum wage by 22 percent (32 percent for those younger than 25 years of age) and either abolished or froze all allowances—such as marriage, education, children's, etc.—that had been previously subject to collective bargaining.[40] As a result, the significance of the EGSEE has deteriorated greatly. While still serving, in principle, as the floor beneath which sectoral, occupational, and enterprise-level collective agreements cannot fall, the substance of the EGSEE has been gutted significantly because of legislative interference in the ability of the social partners to negotiate. In July 2013, most of the social partners (GSEE, GSEVEE, ESEE, and the Greek Tourism Confederation (SETE)) agreed upon a new EGSSE.[41] SEV refused to sign the agreement, stating that the ESEE had no legal foundation because of the current legislative changes and therefore did not provide any benefits to employees. This new EGSEE agreement is the first national agreement that has not incorporated the minimum wage; never before has a national agreement had such limited content.

Trade union rights of representation

On 25 October 2011, the PASOK government passed Law 4024/2011, introducing further amendments that undermine the rights of unions to represent workers in collective bargaining. First, the special enterprise collective agreements were silently abolished because of their limited uptake. Nikolopoulos and Patra suggest that one reason for the failure of the special enterprise collective agreement was the costly and bureaucratic process of creating enterprise-level trade unions—where none had existed previously—in order to negotiate such agreements.[42] The new law makes it easier for employers in firms employing fewer than 50 workers, where no unions are present, to enter into collective agreements with "associations of persons," thereby allowing them to bypass unions altogether and undermine the principle of democratic, collective representation. Legislation from the 1980s (Law 1264/1982) enabled employers to conclude agreements with associations of persons, but only under certain conditions: agreements could be concluded only in the absence of a labour union; pertain to the resolution of a specific issue; and exist for a limited period of time only. Law 4024/2011 significantly weakens the criteria that must be met in order to conclude these nonunion-based collective agreements. Most important, the law eliminated previous limits to the lifespan of such associations of persons, turning them into "nebulous

non-elected" entities that facilitate the ability of employers to drive down wages and benefits in an attempt to increase competitiveness through a reduction in labour costs—which is, of course, the intention of the structural reform process.[43] Indeed, evidence suggests that small business has taken advantage of this new law in order to negotiate company-level agreements with "less favourable provisions than those of the relevant sector agreement."[44] One commentator has characterized Law 4024/2011 as "one more step toward the demolition of two of the most powerful pieces of legislation to be enacted in Greece since 1974: laws 1264/82 and 1876/90."[45]

Expansion and extension of collective agreements

Article 11 of 1876/1990 includes provisions for the joint accession of workers and employers to pre-existing collective agreements that pertain to them. Sections 2 and 3 of the same article also contain provisions for the extension of the scope of collective agreements, determined by the Minister of Labour in consultation with the High Council of Labour, to include workers and employers in an entire sector or occupation regardless of whether or not they are unionized. In an autumn 2011 communication to the IMF, the government indicated that "the possibility to extend sectoral agreements to those not represented in the negotiations will be suspended for a period until at least end-2014 [the duration of the Medium Term Financial Strategy]."[46] Secondly, the duration in which the terms of a collective agreement remain in force upon expiration of the agreement has also been reduced. Under previous legislation, the terms of an expired agreement remain in force for six months; even after the six-month period, the conditions of work stipulated in the collective agreement continued to apply "until the termination or amendment of individual employment contracts."[47] Law 4046/2012 reduces the extension period to three months, and the continuation of the conditions of work after the expiration of the three-month period does not include all work conditions, but only a portion of the salary. On 2 July 2015, the SYRIZA government passed Law 4331/2015, which repealed the amendments of 4046/2012, effectively restoring the provisions of 1876/1990. However, the Euro Summit statement of July 12, 2015—after the capitulation of SYRIZA, ironically following their resounding victory in the July 5 austerity referendum—demanded a return to the austerity legislation of 4046/2012 by 15 September 2015.

Labour market flexibility

On 11 May 2010, the government passed Law 3846/2010. This act legalized new flexible labour arrangements, such as part-time work, telework, and the use of temporary employment agencies. Many of these arrangements fall outside the purview of collective bargaining and further the development of precariousness, and were intended to reduce unemployment under the neoliberal belief that unemployment is the result of labour market rigidities. Law 3899/2010, passed in December 2010, contains measures that significantly increase the power of employers over workers, thereby magnifying the problems of precariousness in the Greek economy. The bill extends probationary periods from 2 to 12 months, increasing the amount of time in which workers can be

dismissed arbitrarily without compensation; it extends the duration of temporary contract work from 18 to 36 months, thereby reducing the incentives for employers to hire workers on a permanent basis; and the bill lengthens the period of time, from six to nine months, in which the employer possesses unilateral power over labour time flexibility.

Law 3863/2010, passed on July 15, 2010, weakens the restrictions of collective dismissals, making it easier for employers to lay off workers. Previous legislation allowed employers to dismiss up to four workers per month in firms employing between 20 and 200 workers (and up to two percent of the workforce for larger firms). The new law raises the threshold to six for firms employing between 20 and 150 employees, and five percent of the workforce for firms employing more than 150 workers. Greece's ranking in the OECD index of employment protection legislation[48] for individual and collective dismissals has registered a decline from 2.80 (out of five) in 2010 to 2.11 by 2013. It also shortens the duration of the layoff notification period and reduces the amount of severance pay for laid-off workers. The special company collective agreements legalized by 3899/2010 in December 2010 also increased the power of employers over workers in terms of their control over ~~the~~ working time—an issue that, as we have seen, was contentious during the reform processes of the early 2000s. The special firm-level collective agreement "may regulate the number of employment positions, the conditions of part-time work, shift part-time work, suspension of work, and any other terms of implementation including its duration term."[49]

The state of collective bargaining in Greece

All of these changes have had a severe impact on collective bargaining in Greece. On the one hand, the number of national, sectoral, and occupation collective agreements has declined. In 2014, only 11 such agreements were in place, representing between 7 to 10 percent of the private sector workforce, compared to 161, covering almost all of Greek private sector workers in 2008. As one commentator pointed out, those collective agreements that do remain in force "foresee significant reductions to salaries, to say nothing of any bonuses or special salaries that used to be the norm in the past."[50] In contrast to this, the number of firm-level collective agreements has increased significantly since 2012. According to Eurofound, 976 business-level Collective Employment Agreements were signed in 2012, compared to 179 in 2011 and 238 in 2010. This represents a ~~75.6~~% increase in firm-level agreements between 2010 and 2012.[51]

The decline of sectoral and occupational collective agreements, the disempowerment of trade unions as the representatives of workers, the abolition of the favourability clause, the amendment of the extension of collective agreements to nonunionized workers, and the limiting of the duration of expired collective agreements has put significant downward pressure on the levels of remuneration and the working conditions of workers. A 2013 Eurofound report indicates that agreements signed since 2012 "were mainly signed following the termination by the employers of the previous collective agreements and contained provisions that were more disadvantageous for workers as regards wages and employment conditions (especially in relation to working time)."[52] As a result of these reforms, Greece has experienced the greatest decline

in collective bargaining coverage of any OECD country. OECD data indicate that collective bargaining coverage in Greece declined to just over 40 percent of the workforce in 2013, down from just over 80 percent in 2008 prior to the imposition of austerity measures.[53] This represents the greatest decline in collective bargaining coverage of any country in the OECD over this period of time.

Institutionalizing competitiveness: national competitiveness authorities

The Troika has strenuously opposed attempts by the newly elected SYRIZA government to reverse the reforms to collective bargaining. After the resounding "No" vote in the July 2015 referendum on the bailout agreement, the Troika called SYRIZA'S bluff and imposed even more stringent conditions on Greece. In May 2015, Minister of Labour Panagiotis Skourletis put together a series of proposals that would abolish the legislative mechanisms for determining the minimum wage, effectively giving back to the social partners the power to establish the minimum wage through national-level bargaining; return the minimum wage to the level agreed in the 2010 – 2012 national collective agreement; re-instate the collective agreement extension mechanisms as well as the pre-existing provisions for prolonging the duration of existing collective agreements in the event of their nonrenewal through bargaining; and return to the precrisis status quo regarding mediation. Such reforms, however, were precluded by the language of the third bailout agreement signed by SYRIZA in the aftermath of the referendum, an agreement that gave the Troika the power to review all legislation before being submitted to parliament. As a result, the proposals never made it to the parliament.

In turn, the EU began developing new mechanisms of economic governance to further embed neoliberalism in each member state and preclude threats to austerity from Left-wing governments like SYRIZA. The EU has initiated a renewed integration process that seeks to achieve a "genuine" economic union by creating new institutions designed to institutionalize competitiveness and enhance the resilience of national economies. National Competitiveness Boards (NCBs) will be established in all Eurozone member states to act as "independent entities" mandated to surveil policies related to national economic competitiveness. Such bodies will be comprised of "unbiased" technocrats providing "high quality" advice on economic policy. In this regard, the recommendation adopted by the EU proposes that "the scope of intervention of competitiveness boards should span a comprehensive notion of competitiveness."[54] In the initial report, the five presidents suggest that the NCBs be mandated to "assess whether wages are evolving in line with productivity" and to potentially "enhance competitiveness more generally."[55] In the broader context of neoliberalism, and the longer term trends in collective bargaining in Europe, ensuring that wages "evolve" in line with productivity means ensuring that wage~~s~~ gains lag behind productivity gains. An important political dimension of the NCBs is to augment what the EU refers to as national "ownership" for the structural reforms for the enhancement of competitiveness.

There are a number of potential contradictions in the stated goals of the Competitiveness Boards. According to the proposals, they are not intended to result in the harmonization of wage setting mechanisms or collective bargaining institutions.

The adopted recommendation states that the NCBs "should not affect the right of workers and employers, or their respective organisations, to negotiate and conclude collective agreements at the appropriate levels or to take collective action in accordance with Union law and national laws and practices."[56] All member states will have the space to retain their distinctive institutions and arrangements. The first thing to point out is that, in the more severely affected economies of the Eurozone—Greece in particular—free collective bargaining has been either effectively suspended or else significantly curtailed and restrained under the auspices of austerity politics. At the same time, however, the NCBs are intended to ensure a harmonization of outcomes, that is, to ensure that wage increases lag behind productivity increases. This effectively embeds the neoliberal logic of competitiveness that was supposed to be institutionalized by the transformation of social partnerships along the lines of competitive corporatism.[57] Secondly, NCBs are intended to be democratically accountable, and it is proposed that they should include the social partners in the surveillance process to preserve the tradition of social dialogue. At the same time, however, they are intended to be independent bodies that are "independent from the ministries or public authorities that deal with competitiveness-related issues."[58] There is, therefore, significant potential that the NCBs possess a mandate to enforce the EU-level commitment to competitiveness in ways that preclude alternatives that break from the neoliberal framework.

Conclusion

The failure of competitive corporatism in Greece to subordinate labour to the dictates of neoliberal competitiveness has resulted in a dramatic process of internal devaluation in the context of the Eurozone crisis. This process of internal devaluation necessitated by membership in the currency union has led to a radical assault on the institutions of Greek collective bargaining and a weakening of employment protection legislation. The goal is to drive down labour costs and strengthen the power of capital vis-à-vis labour. The contentious nature of the reform process, and the attempts by SYRIZA to roll back austerity, have prompted Euro elites to construct new institutions of economic governance as a means of institutionally embedding neoliberalism in Greece. Technocratic National Competitiveness Boards are being developed to intervene in the process of collective bargaining in order to ensure that, regardless of electoral outcomes, no government will be able to chart a path away from neoliberalism.

In light of the crisis, Eurozone elites have chosen to reinforce the technocratic processes of neoliberal reform through processes of the de-democratization of economic policy. This has confronted SYRIZA with an impossible task: lacking a popular mandate to withdraw from the Eurozone and reclaim Greece's capacity for policy autonomy, they must contest austerity in the absence of the sovereign power necessary to successfully resist, and without being able to use the threat of Grexit. The neutering of parliamentary sovereignty at the national level also poses new challenges to the Greek labour movement, which, up to this point, has relied on traditional strategies of resistance, such as general strikes to put pressure on parliamentarians to block the reform process, and solidarity from supranational organizations such as the

European Trade Union Confederation. In the aftermath of the July 2015 referendum and the August 2015 signing of the third memorandum, Greek labour finds itself wrestling with the experience of defeat, and needs to find new sites and strategies of resistance.[59] The de-democratization of national economic policymaking in the interests of preserving the neoliberal character of the EU has thus set in train a dangerous dynamic: pro-European, anti-austerity forces are being bulldozed by the institutions and policies of the Troika in the interests of preserving neoliberalism, while fanning the flames of the Eurosceptic far-Right, which seeks to destroy the European project.[60]

Notes

1. Cahill, *The End of Laissez-Faire?* 106.
2. Soederberg, Menz, and Cerny, *Internalizing Globalization, 1–30*.
3. Rhodes, "Social Pacts"; Pochet, Keune, and Natali, *After the Euro*; Avdagic, Rhodes, and Visser, *Social Pacts*.
4. Beiling and Schulten, "Competitive Restructuring," 239.
5. European Commission, *Growth, Competitiveness, Employment*.
6. Amable, *Modern Capitalism*.
7. Talani and Cervino, "Mediterranean Labour."
8. European Commission, *Growth, Competitiveness, Employment*, 17.
9. European Commission, *European Social Policy*.
10. European Commission, *European Social Policy*, 9.
11. Palier, *Goodbye to Bismarck*?
12. Albo, "A World Market."
13. Gray, *Unsocial Europe*, 66.
14. European Commission, *Amsterdam*, 34.
15. European Commission, *Lisbon*.
16. Kok, *Enlarging the European Union*, 3.
17. Employment Taskforce, *Jobs, Jobs, Jobs*, 18.
18. Employment Taskforce, *Jobs, Jobs, Jobs*, 57.
19. ILO KILM index: http://www.ilo.org/global/statistics-and-databases/research-and-databases/kilm/lang–en/index.htm.
20. Locke and Baccaro, "Italian Unions"; Fraile, "Spanish Unions."
21. Lavdas, "Interest Groups in Disjointed Corporatism."
22. Pagoulatos, *Greece's New Political Economy*.
23. The favourability principles refers to Article 10 of Law 1876/1990, which stipulates that firm-level agreements cannot establish wage levels and benefits below those agreed to at the national level.
24. Featherstone and Papadimitriou, *The Limits of Europeanization*, 129.
25. Ioannou, "Odysseus or Sisyphus' Revisited," 90.
26. European Commission, *Treaty on Stability, Coordination and Governance*, Article 1.
27. European Commission, *Treaty on Stability, Coordination and Governance*, Article 3.1(b).
28. Radice, "Enforcing Austerity."
29. European Commission, *Stability, Coordination and Governance*, Title IV, Article 9.
30. International Monetary Fund, Greece.
31. International Monetary Fund, *Greece*.
32. International Monetary Fund, "Statement."
33. International Monetary Fund, "Statement."
34. International Monetary Fund, *World Economic Outlook*.
35. Eurofound, *Changes to Wage Setting*; Hermann, "Structural Adjustment"; Keune, "EU's Assault on Collective Bargaining."

36. International Labour Organization, "Law 1876."
37. Greece, *Letter of Intent* (November 30, 2011), 16.
38. International Labour Organization, "Law 1876."
39. Greece, *Letter of Intent* (February 28, 2011), 51.
40. Eurofound, *Impact of the Crisis*, 25.
41. SETE is the newly formed Association of Greek Tourism Enterprises.
42. Nikolopoulos and Patra, "*Trade Unions in Greece*."
43. Lanara, Trade Unions in Greece, 8.
44. Eurofound, *Changes to Wage Setting*, 11.
45. Kopsini, "Collective Labor Agreements."
46. Greece, Letter of Intent (November 30, 2011), 16.
47. Papadimitriou, "Greek Labour Law," 16.
48. http://www.oecd.org/els/emp/oecdindicatorsofemploymentprotection.htm
49. International Labour Organization, "Law 1876."
50. Salourou, "Collective Labor Contracts."
51. http://www.eurofound.europa.eu/observatories/eurwork/articles/industrial-relations-other-working-conditions/social-partners-sign-new-national-agreement.
52. Eurofound, *Industrial Relations*, 74.
53. OECD, *Economic Policy Reforms*.
54. European Commission, *National Competitiveness Boards*, 3.
55. European Commission, *National Competitiveness Boards*, 8.
56. European Commission, *National Competitiveness Boards*, 3.
57. Bieling and Schulten, "Competitive Restructuring."
58. European Commission, *National Competitiveness Boards*, 3.
59. Interview with Mylonas Giorgos, President of the Athens Labour Centre, Athens (June 23, 2016).
60. At the time of writing, the Leave campaign emerged victorious in the United Kingdom's Brexit referendum. The hope among Greek trade unionists is that Brexit will force European elites to rethink the current austerity programs being imposed on Greece. Interview with Mylonas Giorgos (June 23, 2016).

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