EUROPE 05.04.2017 | Nicole Katsioulis

Coming a cropper(lis)

The IMF is leading Greece down a treacherous path, while the EU pushes from behind

The latest review of Greece's €86 billion rescue programme has been dragging on for months. The blame lies largely with the International Monetary Fund (IMF), with its unflinching demands for further deregulation of the Greek labour market.

So far the EU institutions have avoided taking a clear stance on the matter. But they should. It is about protecting the very pillars of the European social model.

Reinstating national and industry level employer-employee agreements

Since Greece introduced a series of legislative reforms between 2010 to 2012, to satisfy the 'troika' of lenders coordinating its bailout programme, free collective bargaining – the negotiation of wages between employers and employees – has been all but abolished in Greece. Of an original 18 industry level collective agreements, just three remain. This has caused a rise in company level agreements. The law in effect prohibits industry-wide collective bargaining until at least 2017.

Interestingly enough, both the Greek employer federations of SMBs, commerce and crafts *and* the Labour Inspection Corps (SEPE) combating illegal employment are calling for a return to national and industry level collective agreements. This is because their near abolition has bolstered the informal labour market and illegal employment.

Greek Minister for Labour Efi Achtsioglou is also demanding a return to the European social model, as did her predecessor Georgios Katrougalos, the current European Affairs Minister.

The IMF, however, is strictly opposed to the idea of withdrawing any labour market liberalisation reforms that have already been implemented. But it doesn't end there. The IMF has described the now almost extinct

dialogue between employers' associations and trade unions in Greece as EU "best practice".

Mass redundancies

The IMF wants to raise the threshold for collective dismissals – the number of people companies can sack in one go – to 10 percent a month, from the current 5 percent. It's also trying to shut the Ministry of Labour out of any decisions over mass sackings, which it has so far had to approve. Greece's government is putting up a fight.

Athens also points out that this whole issue is not a genuine debate, given that mass layoffs rarely occur at large firms. Small businesses make up over 90 percent of the economy.

For the (rare) occasion that collective dismissals do occur, the Greek government is pushing for a redundancy scheme, as well as short-term employment arrangements and retraining opportunities for those affected. They suggest the European Social Fund (ESF) could provide the financial backing for such measures.

Changes to strike laws

If the IMF gets its way, trade unions will have to prove a majority of their members are in favour of a strike before calling for one. Currently, it is union leaders who decide when to walk out.

The IMF also wants to increase the gap between a strike being announced and implemented to 48 hours, from its current 24, and says companies should be able to deny employees access to their place of work (a 'lockout') until both sides come to a settlement.

The Greek government opposes the reforms – though insisting members take the decision to strike is surely commendable. It wants to keep the current lockout ban in place and takes a markedly more union-friendly position.

The 'subminimum' wage

In 2012 it was decided the government would set the minimum wage, which had previously always been negotiated by trade unions and business associations. Unions are no longer involved. It is currently 586 euro (gross) per month, following a 22 percent reduction in 2012 and a whopping 32 percent for the under-25s (to 510 euro).

Athens rightly points out that a lower minimum wage has not led to a decrease in youth unemployment. Young graduates are leaving the country in droves to earn more elsewhere, depriving their country of valuable skills. The IMF, on the other hand, sees a lower minimum wage as an effective weapon against unemployment, and a way of increasing competitiveness.

Athens is required to meet the terms of the €86 billion bailout programme by 2018. The labour market reforms are proving a huge stumbling block in negotiations, especially for Alexis Tsipras' leftist government.

Prime Minister Tsipras wants a robust labour law and stable industrial relations. He has not yet shown himself willing to fall in with the IMF's demands, and is looking for partners in Europe who support his position. He even briefly threatened to embarrass Europe by refusing to sign a formal declaration by the 27 EU member states, renewing their marriage vows on the 60th anniversary of the Treaty of Rome. In a letter addressed to Europeam Commission President Jean-Claude Juncker, European Council President Donald Tusk and the leaders of the EU27, he wrote Greece would not accept "the prolongation of the exception of Greece from the European social acquis (law)".

Tsipras is not alone in this view. The International Labour Organisation's (ILO) Committee of Experts, tasked with evaluating developments in Greece's labour market, has spoken out unequivocally about the need for increased dialogue among social partners and against further dents to labour laws. In September 2016 the Committee presented twelve recommendations, including a plea for a better balance of power between Greece's trade unions and employer organisations as well as for free collective bargaining. The Committee sees no reason to tighten strike laws or allow lockouts. In the case of collective dismissals, it is proposing a redundancy scheme and measures to lessen the inevitable social impact.

Blind leading the blind

The EU's unquestioning support of the IMF suggests the bloc is in the lender's thrall. Why is the EU allowing the IMF, an institution known for its support of market liberalism, to dictate the structure of the Greek labour market? Ought not the EU institutions be carrying out this task with the ILO? And is it not time for the EU to reject the IMF's unreasonable demands?

It is striking that the IMF has described Greece's current labour

conditions as “best practice” for Europe. Surely only a cynic could find reasons for rejoicing where national and industry level collective agreements are thrown on the scrapheap, undeclared work is rampant and social security systems are starved of resources.

A completely deregulated labour market cannot possibly be “best practice” for Europe. The EU needs to put its foot down and ensure the independent Committee of Experts’ labour market policy recommendations are implemented. Let the pillars of the European social model not crumble into the ruins of the ancient Greek temples.



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