



Tripartite Knowledge-Sharing Conference

# Post-crisis social dialogue: Good practices in the EU-28

## Executive Summary



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### Introduction

The financial and economic crisis that hit the European Union (EU) in 2008 had important implications for social dialogue and industrial relations across Member States. At the onset of the crisis, social dialogue played an important role in most countries, in the formulation and implementation of initial policy responses, consisting mainly of neo-Keynesian approaches to boost demand. Thereafter, the worsening economic situation required the deployment of fiscal consolidation as well as other policies to reduce macroeconomic imbalances, which led to a weakening or discontinuation of tripartite social dialogue in a number of instances. As the crisis gradually subsided, most Member States had witnessed the start of a recovery in GDP growth and employment by 2013. However, disparities in unemployment between Member States widened dramatically during the crisis years and, despite some recent improvements, remain much larger than in 2008. Similarly, despite increases in disposable household income in many Member States, poverty and social exclusion persist in the post-crisis period.

The aim of this edited volume is to address the question of how social dialogue has evolved over the post-crisis period and how can it be strengthened in the future. Several dimensions of social dialogue in the post-crisis period are analyzed. First, national social dialogue dynamics are compared in order to identify common trends and good practices to support its revitalization. Second, differences in the role and characteristics of national social dialogue institutions are explored. Third, the role of social dialogue in the European Semester process is compared across the EU-28 countries. Finally, the evolution of industrial relations in the post-crisis period is analyzed.

The findings presented in this draft volume represent the outputs of a joint ILO-EC project, involving in its implementation a team of independent national and international experts and academics. Research under the project investigated developments in social dialogue and industrial relations in the post-crisis period in eleven European Member States, namely Belgium, Finland, France, Germany, Ireland, Lithuania, the Netherlands, Spain, Slovakia, Slovenia and Sweden, within the broader context of the EU-28. The introductory comparative chapter, drawing on the results of the national studies and on other information sources, sheds light on five thematic areas with respect to social dialogue in the post-crisis period: first, the evolving national economic and political situation; second, the different

paths that social dialogue took in different countries; third, the role and composition of National Social Dialogue Institutions (NSDI); fourth, the interactions between national social dialogue and the European Semester process and, finally, the latest developments in industrial relations and collective bargaining.

This draft volume comprises the comparative overview chapter, followed by the eleven draft individual country chapters that address each of the themes in greater detail for the country concerned. The draft volume will be finalized by the ILO and EC, in the light of feedback from an international conference of concerned stakeholders and experts, to be held in Paris on 20 May 2016. The views expressed in this draft volume are those of the chapters' authors, and do not necessarily represent those of the ILO, the EC or ILO constituents in the countries concerned.

## Main research findings

### Improvement in economic conditions has not translated into a generalized recovery in social dialogue

Even in those countries which have experienced significant improvements in economic performance and political stability in the post-crisis period, this has not always been accompanied by a full recovery in social dialogue. On closer analysis, two main factors may account for this. First, political instability (itself in part a consequence of the crisis) has weighed against a rapid recovery of social dialogue in some countries. Second, trust between the social partners and the government has been eroded in a number of cases, and needs to be gradually re-established. This becomes even more difficult when the social partners do not agree on the policy choices needed to sustain economic recovery and are struggling to strengthen their respective membership bases at a time of unprecedented change in the world of work.

There are nonetheless positive signs of a partial revitalization of social dialogue in some Member States along with some emerging good practices. Such revitalization is a *sine qua non* for achieving inclusive and sustainable recovery and for designing policies that match national priorities. Tripartite social dialogue has proved its worth time and again in sustaining inclusive economic growth, strengthening democracy and contributing to political stability; in the current challenging economic and political context of post-crisis recovery in Europe, it is more vital than ever. As no automatic link exists between recovery in the economy and in social dialogue, securing strong and timely engagement of governments with the social partners is crucial if economic growth is to produce the increased social inclusion and reduced inequalities that lead to long-term peace and stability. This means that all stakeholders have to deploy adequate resources, both financial and institutional, to make social dialogue viable and to allow it to recover its rightful role in decision-making and policy implementation processes.

At supra-national level, reinforcing social dialogue's role in developing Eurozone-wide and national strategies is a key ingredient for an enhanced social dimension in the Economic and Monetary Union (EMU). The recent crisis has exposed the multi-level character of social dialogue, whereby supra-national processes increasingly influence the dynamics at national level.

### Social dialogue has exhibited diverse dynamics and an uneven revitalization

Social dialogue dynamics in the post-crisis period are characterized by significant differences across Member States. Four different scenarios can be identified, taking into consideration the situation and developments both during and since the crisis. These scenarios are nonetheless simplifications of a more complex reality, in which individual countries neither always nor easily fit into a single category. A first scenario, (i.), groups the countries in which social dialogue was discontinued during the crisis and is still struggling to recover in the post-crisis period; just two of the countries studied fall into this category. Under a second scenario, (ii.), social dialogue has been successfully maintained throughout the whole period of analysis, and this applies to four countries in our sample. Four countries also fall into a third scenario, (iii.), where a revitalization of social dialogue in the post-crisis period followed discontinuity during it. Finally, under a fourth scenario, (iv.), in only one country was social dialogue discontinued in the post-crisis period having earlier survived the crisis.

Figure 1. Crisis and post-crisis scenarios of tripartite social dialogue

		Post-Crisis (2013-2015)	
		<i>Social Dialogue Continuity</i>	<i>Social Dialogue Discontinuity</i>
Crisis (2008-2012)	Social Dialogue Continuity	(ii.) France, Germany, Slovakia, Sweden	(iv.) Finland
	Social Dialogue Discontinuity	(iii.) Belgium, the Netherlands, Slovenia, Lithuania	(i.) Ireland, Spain



This volume highlights a general trend towards a revitalization of social dialogue in the post-crisis period, witnessed by most of the countries studied (8 of the 11), but which has been very uneven in terms of its intensity, mechanisms and the outcomes delivered. Sufficient positive and innovative experiences and solutions are emerging, however, to demonstrate the resilience and effectiveness of social dialogue as a policymaking tool fit to confront the challenges facing EU economies and societies in the years to come.

Notable among these are the social summits and social conferences sustaining social dialogue in France, the peak inter-sectoral agreements concluded through bipartite social dialogue in Spain, the ad hoc bipartite and tripartite meetings held on a continuous basis in Germany between the social partners and the government, as well as its newly-emerging regional institutions for social dialogue and, finally, the 'anti-crisis' bipartite and tripartite bodies established in Slovakia.

There is clearly no "one-size-fits-all" strategy to best revitalize and sustain social dialogue as an instrument for recovery after a crisis. Social dialogue may indeed deliver positive outcomes under very different institutional scenarios, reflecting the diversity underpinning the European social model and social dialogue's role within it, as well as the tripartite principles of the ILO. What is evident throughout, though, is that social dialogue is not a self-sustaining or static reality, but requires the strong engagement of all actors to adapt to a constantly changing environment.

### **National social dialogue institutions are key forums supporting social dialogue**

Wide diversity persists in the mission, composition, regulation and effectiveness of National Social Dialogue Institutions (NSDI) across EU countries. The crisis has helped to open a constructive and much-needed debate on the composition, role and impact of these institutions, the outcomes of which will contribute to ensure that they adapt and regain a key role in supporting and sustaining national social dialogue.

In some countries, the role of these institutions in policy making diminished during the crisis, often in parallel with a decline in the overall importance of social dialogue (e.g. in Finland, Ireland and Spain, but also in Hungary and Romania). But the number of positive experiences is as numerous. Several new tripartite and bipartite institutions sprung up specifically to find ways to alleviate the depth and impact of the crisis, in Slovakia for example, as well as in Greece, where previously dormant institutions were reactivated. In other countries, social dialogue in NSDI continued despite the adverse crisis conditions e.g. in Slovenia and Belgium, while in the Netherlands, the Czech Republic and Sweden

(and to some extent in Portugal), they worked smoothly throughout the whole period under consideration. Thus, the crisis certainly posed challenges but also opened up new possibilities for these institutions to show their value in shaping a new social and economic contract. National governments and the social partners should seize upon the unique opportunity offered to engage in an informed debate regarding options to modernize social dialogue institutions to best respond to the fast-evolving context in Europe. The ILO, for its part, stands ready to support such a process. The EU continues to provide support for social dialogue functioning, including through financial assistance under the European Social Fund.

### **The European Semester provides opportunities for social partner involvement in policy-making**

The European Semester is now an important mechanism for economic policy coordination across Member States. Social dialogue can enable the achievement of an appropriate balance in pursuit of the twin goals of macroeconomic stability and social inclusion within the European Semester context. At the same time, social dialogue in the European Semester can also contribute to strengthening democratic governance of the EU.

The contribution of the social partners and social dialogue to the EU Semester was modest at first, but recent years have seen several improvements. At the EU level, proactive efforts to include the EU social partners have been stepped up since 2013, leading to their increased involvement with several European institutions. At the national level, recommendations have been consistently and firmly made to consult the social partners during the drafting of National Reform Programmes and to involve them in the design and implementation of relevant policies and reforms. The signs to date are encouraging; although situations differ between Member States and the structures established for social partners' involvement do not yet fully institutionalize social dialogue, the regularity and predictability of social partner consultation within the European Semester have noticeably increased.

### **Industrial relations seem to have stabilized, but significant challenges remain**

Industrial relations institutions have a threefold role in sustaining tripartite social dialogue. First, strong industrial relations institutions enable the more effective implementation of the decisions taken through tripartite social dialogue. Second, such institutions endow the social partners with greater technical capacity and in-depth knowledge of social and economic challenges, which can be used for more effective decision making. Third, strong and well-articulated industrial relations institutions tend to engage in bottom-up

consensus-seeking, which in turn contributes to the maintenance of social dialogue at national level.

Industrial relations dynamics in the post-crisis period in Europe have been characterized by overall stability. In countries where important industrial relations and collective bargaining reforms took place during the crisis period, these have been maintained and not reversed. In other countries as well, the landscape is generally characterized by stability, with only a few having partially reformed their existing institutions since the crisis. Some of the long-term trends in industrial relations that set in before and accelerated during the crisis seem recently to have slowed. However, significant challenges remain if some form of coordination of collective bargaining is to be maintained against a backdrop of growing de-centralization. There is evidence that efforts to enhance sector-level coordination are intensifying. But declining coverage poses continued problems for coordination and risks seeing an increase in earnings' inequalities. Finally, the important regulatory role of the state that persists in some countries may limit the autonomy of the social partners in the future.



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