



Social Dialogue in times of crisis

Executive summary

Introduction

The principle of social dialogue is a fundamental part of the European Union and its constitution, enshrined in Articles 154 and 155 of the Treaty on the Functioning of the European Union (TFEU). It has long been viewed as one of the important mechanisms for the design and implementation of policies, especially in the field of social and employment policies.

European social dialogue has been a key layer of European governance ever since the Social Protocol was enforced in 1993 by the Maastricht Treaty, which established the autonomy of the European social partners and created a number of shared responsibilities with the political actors to co-define 'Social Europe'.

This study maps, examines and assesses the various responses of social dialogue to the global economic crisis throughout Europe, analysing:

- the role that social dialogue has played to cushion the impact, and overcome the negative effects, of the crisis;
- the outcomes of social dialogue in terms of the measures negotiated, and agreed by the social partners, at the various levels of the European industrial relations system;
- the effectiveness and sustainability of the outcomes of social dialogue in response to the crisis.

Policy context

This study focuses on the period from the onset of the crisis in 2008 through to mid-2010. The research therefore examines the impact and consequences of the global financial and economic crisis and not the subsequent public debt crisis. The study aims to map and analyse the outcomes, or in some cases the absence of outcomes, from social dialogue arising in response to the crisis throughout this period. It examines the extent to which the social partners were involved in the introduction of measures to mitigate the effects of the crisis, and the effectiveness and sustainability of social dialogue in responding to crisis.

Key findings

A key determinant in the success or failure of social dialogue is the extent to which government lends its support to the process and the degree to which relationships between the actors, pre crisis, were coherent and legitimised. The study also demonstrates that the national political context in which the social partners operate contributes significantly to the approach of the parties to social dialogue, as do their internal strategies and the relationships between the various partners. It confirms that the Member States' institutional industrial relations environment contributed to the success or failure of social dialogue, and that a wide range of institutions and relationships have been well and truly stress-tested. Overall there appears to be a converging trend in Europe which demonstrates that the social partners were either invited by their governments to participate in discussions or even invited by their governments to launch their own specific initiatives.

The crisis did not create an evolutionary environment in which the actors were able to innovate and to establish new forms of social dialogue. Equally, the crisis did not prevent the creation of innovative outcomes. A number of short- and long-term solutions were introduced in countries where they had never been tried before, such as the implementation of short-time working for the first time in nine Member States.

In well organised sectors, the social partners helped insulate them from the effects of the crisis on the wider economy generally.

The outcomes of social dialogue throughout the crisis tended to be largely integrative rather than distributive in nature. Negotiations between the social partners tended to focus upon employment issues such as training and job security, particularly through short-time working measures, rather than on the traditional subject of pay. The trade-off needed for integrative bargaining appeared to be readily granted by workforces that were willing to forgo income for guarantees of employment security.

The present global economic crisis has tested the durability of all national industrial relations systems. Even in those countries with a long history of social partner collaboration with government, negotiations often failed to secure consensus and a common approach about how the crisis should be dealt with.

Countries with strong social dialogue tended to enjoy better co-operation between the state, employers and their employees. However, it was at sectoral levels where there had been a long history of consultation and collaboration that social partners' discussions generated the most positive outcomes.

However, it is clear that in some areas social dialogue has been weakened where the impact of the crisis accelerated pre-existing challenges such as the coherence between the various levels of social dialogue, a decrease in trade union membership and density, and the power of unions to negotiate.

An increase in unilateral decision-making by governments on issues affecting the public sector, and the increasing decentralisation of collective bargaining at the company level, both illustrate the challenges presented by the crisis. In most countries,

unions had two contrasting roles to play: they were the social peacekeepers in the private sector, reducing the number of strikes at company level and persuading workers to take a pragmatic view of cost-cutting measures; in the public sector, however, they were often the co-ordinators of strong and widespread opposition to governments' austerity measures.

The crisis presented an opportunity to develop new forms of social dialogue in order to better address the key issues, although these opportunities were not always exploited.

Policy pointers

- While the crisis did not generate an innovative environment, in some countries the crisis challenged the pre-existing forms of social dialogue, encouraged the social partners to respond and did, on occasions, create the opportunity for the social partners to break from the traditional forms of social dialogue in countries.
- Social dialogue in the majority of European Member States resulted in the introduction of Short Time Working (STW) arrangements, a measure in which the social partners invested heavily. This typically required the agreement of both social partners and even sometimes government support when subsidies were needed to top up workers' lost income or fund training.
- The process of social dialogue has proved to be a legitimate vehicle for overcoming the impact of financial crises. Yet although social dialogue has proved to be a key tool in overcoming the crisis and maintaining stability in Europe's industrial relations systems, it has been weakened where there were any pre-existing challenges to coherence between the various levels of social dialogue.
- While the research clearly demonstrates interaction and a degree of coordination between the social partners at national level, both horizontally and vertically, there is little evidence to suggest coordination from the national to EU level and vice versa.

Further information

The report *Social dialogue in times of crisis* is available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef1221.htm>

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