

[We are all Greeks!](#)

Ronald Janssen, *social-europe.eu*, 15/11/2012



The attack on workers' rights, wages and collective bargaining systems in Europe is continuing. The latest incident can be found in the new DG ECFIN report on [Labour market developments in Europe](#). This report has a specific chapter examining those labour market reforms which member states have implemented over the past decade. This analysis is based on the so called LABREF database. The Commission, in cooperation with the Economic Policy Committee, has been developing this database since 2005 (for those unfamiliar with it, the Economic Policy Committee advises the ECFIN council on the issue of reform of economic policies and is composed of member state representatives from finance and/or economic ministries).

The LABREF database collects information on 9 broad labour market policy domains. These cover labour taxes, unemployment benefit systems, job protection institutions, active labour market policies and wage setting institutions. The database mainly describes the aim and main features of the labour market reforms that have been carried out. In addition however, the database also assigns binary indicators to each policy measure that has been taken. Reforms considered being 'employment friendly' gets a score of minus 1. On the other hand, reforms that are not supposed to impact in a positive way on employment are counted with a score of plus 1. This makes it possible to assess the ongoing process of labour market policy reforms in a quantitative way.

For example, one of the trends which the chapter picks up is that reforms in wage setting systems have become more frequently 'employment friendly' in the aftermath of the financial crisis: Whereas hardly any member state engaged in a so called 'employment-friendly' reform of wage setting in 2006 and 2007, the number of countries doing so started to increase rapidly from 2008 and 2009 on. For 2010, the LABREF database registers that half of all EU member states have implemented a reform of wage setting system that would be 'employment friendly'.

A full blown attack on trade unions

The reader will be curious to know what type of reforms of labour market policy DG ECFIN considers to be employment friendly.

The answer will not come as a surprise but is nevertheless still shocking (see appendix I of the above mentioned Commission publication). With the exception of active labour market policy and measures in the field of maternity or parental leave, reforms that decrease worker and social rights in all of the remaining policy domains are systematically rated by the Commission as 'employment friendly': This ranges from measures decreasing the generosity of unemployment benefits, measures that decrease notice periods, measures that increase trial periods in permanent contracts, measures that increase the maximum cumulated duration of fixed term contracts to measures that increase retirement age and age or penalties for early retirement schemes.

The previous elements already constitute a wide deregulation of labour markets. Unfortunately, things get even worse concerning the wage setting framework. Here, we find the view that policies that decrease minimum wages are to be classified as job friendly measures. Things become even more scandalous when the Commission states that 'government interventions that reduce the coverage of collective bargaining and result in an overall reduction in the wage-setting power of trade unions are employment friendly'.

Poor excuses

DG ECFIN tries to cover its back by formulating the caveat that classifications such as these 'should not be given mechanistic normative implications' (page 66 of the report). At the same time, the vision upon which this classification is based as well as the signals it is sending to policy makers are extremely clear: Any policy that in one way or the other blocks the downward flexibility of wages or jobs is to be questioned and has to go. The more member states weaken institutions that act as labour market floors, the more good points DG ECFIN will be awarding them.

Moreover, this is not just about statistical classifications or technical reports. The fact is that this ideological vision of ultra flexibility that is so clearly shown in this report is also being pushed through in reality. DG ECFIN, bolstered by the fact that member states are under much pressure, not only from financial markets but also from the ECB (which has a similar deregulation agenda), is also in a position to impose these reforms and does not hesitate to do so. This is especially the case for the so called program countries. In fact, in the case of Greece in particular, this is exactly what DG ECFIN, in cooperation with the IMF and the ECB, has effectively been implementing: By cutting established minimum wage rates, by ending the legal extension of collective bargaining agreements, by even giving small groups of non representative workers ('yellow' unions set up by the company itself) the competence to set wages at a reduced level, the power of trade unions to set wages in Greece has indeed been reduced substantially.

Quo Vadis Europe?

This raises fundamental questions. When the Commission refers to the importance of social dialogue, can this be taken seriously? What is the value of social dialogue if the real objective of the Commission is to weaken what constitutes the core business and the 'raison d'existence' of one of its dialogue partners?

Where is the Social Commissioner who, as guardian of the European Treaty stating that one of the key objectives of the Union is to lower inequalities, should be arguing strongly in favour of an increased role of trade unions in setting wages? Indeed, if there's one striking empirical observation, it is that the existence of representative trade unions and collective bargaining institutions limits inequalities.

What about the European Social Aquis as such? What about ILO conventions on the freedom to bargain and to organize? What about the Council of Europe and the Charter of Fundamental Rights? Do these institutions and instruments not offer any protection against this 'wild west' attack from the cowboys of DG ECFIN?

Finally, where is the European Parliament? At the very least, Members of Parliament should make the responsible Commissioner account for this scandalous design of his services' database and demand the removal of its anti labour bias.