

NATIONAL SOCIAL DIALOGUE STRUCTURES AND THE EUROPEAN  
EMPLOYMENT STRATEGY: COMPARING GREECE AND IRELAND

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## **ABSTRACT**

### **NATIONAL SOCIAL DIALOGUE STRUCTURES AND THE EUROPEAN EMPLOYMENT STRATEGY: COMPARING GREECE AND IRELAND**

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The purpose of this thesis is to analyse the impact of European Employment Strategy (EES) on social partnership at national level. Increasing the participation of trade unions, employer organisations and other social partners in policy formulation and implementation is one of the EES objectives. A comparative study has been conducted on Ireland and Greece in order to analyse to what extent this objective has been achieved through EES, which is an Open Method of Coordination. Historical institutionalism provides the theoretical framework for this thesis. The impact of EES is demonstrated at two levels. First level

change indicates change in discourse. Second level shows change in social partners' involvement in the formulation and implementation of policy.

Research findings show that the EES impact on Greece and Ireland is not homogenous. In social partners' discourse, which is analysed at first level, rather than the inauguration of EES, Lisbon strategy has been more reflected. At second level, while EES can deepen and broaden Irish social partnership, EES failed in Greece except a limited impact. Since EES relies on domestic structures for implementing common objectives, this conclusion questions the EES' ability to achieve its objectives where the national structures are weak and resistant to change. However, considering the positive impact of EES on Ireland, it is clear that EES cannot be declared ineffective. Therefore, in the OMC and EES literature this thesis contributes to the third approach that challenges both proponents and sceptics relying on comparative empirical data.

Keywords: European Employment Strategy, Open Method of Coordination, Social Partnership, Greece, Ireland

## ÖZ

### ULUSAL SOSYAL DİYALOG YAPISI VE AVRUPA İSTİHDAM STRATEJİSİ YUNANİSTAN VE İRLANDA KARŞILAŞTIRMASI

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Bu tezin ana amacı, Avrupa İstihdam Stratejisi (AİS)'nin ulusal seviyedeki sosyal ortaklık üzerine etkisini araştırmaktır. İşçi ve işveren sendikalarının ve diğer sosyal ortakların istihdam politikalarının oluşumuna ve uygulanmasına katılımlarının artırılması AİS'nin hedeflerinden biridir. 'Açık Koordinasyon Yöntemi' olan AİS aracılığı ile bu hedefin ne ölçüde gerçekleştirildiğini analiz etmek için Yunanistan ve İrlanda üzerinde karşılaştırmalı örnek olay çalışması yapılmıştır. Tarihsel kurumsallık bu tezin teori çerçevesini oluşturmaktadır. AİS'den kaynaklanan etki iki aşamada incelenmiştir. İlk aşama, sosyal ortakların

söylemlerindeki deęişiklięi belirtir. İkinci aşama sosyal ortakların politika yapımı ve uygulamasındaki rolü üzerindeki deęişiklięi gösterir.

Araştırma sonucunda bulgular AİS'nin İrlanda ve Yunanistandaki sosyal diyalog üzerindeki etkisinin aynı olmadığını göstermektedir. Birinci aşamada incelenen sosyal ortakların söylemlerinde AİS'nin başlangıcından ziyade Lisbon Stratejisinin etkisinin daha fazla yansıtıldığı görülmüştür. İkinci aşamada ise AİS İrlanda'nın sosyal ortaklık uygulamasını derinleştirip geliştirirken; Yunanistan'da kısıtlı bir etki dışında başarısız olmuştur. AİS ortak hedefleri aktarmak için ulusal kurumlara baęlı olduęu için, bu sonuç ulusal kurumların zayıf ve deęişime dirençli olduęu durumlarda AİS'nin amaçlarına ulaşmadaki gücünü sorgulamaya neden olmuştur. AİS'nin İrlanda üzerindeki olumlu etkisi göz önünde bulundurulduğunda ise AİS'nin tamamen etkisiz ilan edilemeyeceęi açıktır. Bu nedenle, bu tez Açık Koordinasyon Metodu ve AİS alanındaki literatürde iyimserler ve kuşkuculardan farklı olarak karşılaştırmalı empirik bilgiye dayanan üçüncü yaklaşıma katkı sağlamaktadır.

Anahtar Kelimeler: Avrupa İstihdam Stratejisi, Açık Koordinasyon Metodu,  
Sosyal Ortaklık, Yunanistan, İrlanda

To My Parents, Friends and All Nomads



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## **LIST OF ABBREVIATIONS**

ADEDY	Confederation of Public Servants
CRC	Central Review Committee
EES	European Employment Strategy
EGSSE	National General Collective Agreement
ELINYAE	Hellenic Institute for Occupational Health and Safety
ESA	National Council on Competitiveness
ESD	European Social Dialogue
ESEE	National Confederation of Hellenic Commerce
GSEE	General Confederation of Labour
GSEVEE	Hellenic Confederation of Professionals, Craftsmen and Merchants
IBEC	Irish Business and Employers' Confederation
ICTU	Irish Congress of Trade Unions
ILO	International Labour Organization
IMF	International Monetary Fund
INE	Labour Institute
ITUC	Irish Trade Union Congress
LAEK	Fund for Employment and Vocational Training
NAP	National Action Plan



NCPP	National Centre for Partnership and Performance
ND	New Democracy
NESC	National Economic Council of Ireland
NESDO	National Economic and Social Development Office
NESF	National Economic and Social Forum
NRP	National Reform Programme
NWA	National Wage Arrangements
OECD	Organization for Economic Cooperation and Development
OEE	Workers' Welfare Organism
OKE	Economic and Social Council
OMC	Open Method of Coordination
OMED	Organization for Mediation and Arbitration
PASOK	Pan Hellenic Socialist Movement
PNR	Programme for National Recovery
SEV	Hellenic Federation of Greek Enterprises
SFA	Small Firms Association

# 1. INTRODUCTION

The European Employment Strategy (EES) was introduced in 1997 at the Jobs Summit of the Luxembourg European Council. The EES is based upon the Employment Chapter that had become part of the EC Treaty by the Treaty of Amsterdam in 1997. The main purpose of the EES is to develop a ‘coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change’.<sup>1</sup> Although employment issues were declared as matters of ‘common concern’ for the first time (De la Porte & Natali, 2009), the EES is a form of soft law. While EU institutions are responsible for policy coordination with member states through the publication of Guidelines, it is under the member states’ competence to implement these objectives. In response to the Employment Guidelines, member states prepare National Action Plans<sup>2</sup> to address the way they are going to implement the common objectives.

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<sup>1</sup> Article 125 of EC Treaty

<sup>2</sup> In EES has undergone two important reforms in 2003 and 2005 respectively. As of 2005 National Action Plans are replaced with National Reform Programmes (NRPs). Annual basis of the Guidelines has also changed. Employment Guidelines are combined with macroeconomic and microeconomic policy guidelines.

Throughout the EES, consultation of labour and management was envisaged at several stages in both the articulation and the implementation of employment policy. Social partners are seen as vital players in employment creation and their role in formulating NAPs has been constantly highlighted by the EU institutions. In the first set of Guidelines, a specific responsibility for ‘promotion of adaptability through modernizing the organization of work and for promoting employability through partnership and developing lifelong learning’ has been given to social partners (Ashiagbor, 2005, p. 194). Additionally, partnerships among the social partners at the European, national, local and enterprise levels are regarded as an efficient tool for the consensus formation and problem solving in employment policy (CEC, 1997, 1998). National level social partners’ role on collective agreements is welcomed by the Commission. According to the Commission’s Community Policies in Support of Employment Report, ‘the social partners are expected to contribute to the appropriate wages agreements’ (CEC, 1999).

In the Lisbon European Council (2000), the role of social partners was further emphasized. According to the Presidency Conclusions, the target for social partners was to be ‘closely involved in drawing up, implementing and following up the appropriate guidelines’ (EC, 2000). So as to achieve the strategic goal of becoming the most competitive and dynamic knowledge based economy in the world; five horizontal objectives were introduced by the post Lisbon Employment

Guidelines, which will be incorporated into all four pillars. According to the third horizontal objective:

The social partners at all levels are invited to step up their action in support of the Luxembourg process. Within the overall framework and objectives set by these guidelines, the social partners are invited to develop, in accordance with their national traditions and practices, their own process of implementing the guidelines for which they have the key responsibility, identify the issues upon which they will negotiate and report regularly on progress, in the context of the National Action Plans, if desired, as well as the impact of their actions on employment and labour market functioning. The social partners at European level are invited to define their own contribution and to monitor, encourage and support efforts undertaken national level (EC, 2001)

Social partners are seen as the prime movers especially to the promotion of adaptability and flexibility. Moreover, involvement of social partners is seen as an indicator of 'good governance' Joint Employment Reports continuously criticize member states for the uneven involvement of the social partners in the NAP process. Therefore, the Guidelines for 2001 aimed to involve social partners more clearly. The new obligations on management and labour duties were imposed for instance, monitoring and reporting back annually on their progress.

In line with the same direction, the role of social partners in implementation was re-emphasized in the Integrated Guidelines for Growth and Jobs in 2005. It is stated that member states should take every opportunity to involve both European and national level social partners and parliamentary bodies in the implementation process to ensure good governance in employment policies. Furthermore, it is also asserted in the same document that:

National programmes should be the result of a debate at national level with the competent parliamentary bodies and the social partners, in accordance with the traditions of each of the Member States. This is essential if these programmes are to be embraced by all those concerned (CEC, 2005).

Supporting this view Jacobsson (2004, p. 59) states that in EES key role is given to the social partners at all levels and ‘sub-national’ actors are instrumental in implementing the process.

As it has been explained above, inclusion of social partners in formulation and implementation of employment policies is seen crucial by the EU institutions in the EES process. In the course of time, the goal of strengthening the role of social partners in policy implementation is included in the EES agenda (Tsarouhas, 2008b). However, engagement of social partners into the policy formulation and implementation has been considered as the least developed aspect of ‘good

governance' by the Commission in the Strategic Report on Renewed Lisbon Strategy for Growth and Jobs (CEC, 2008).

Contrary to the pronounced link between social partnership and EES, literature on EES/OMC does not draw extensive attention to the social partnership aspect except a few. Furthermore, many of the studies concerning the impact of EES on social partnership focus on the developments at European level rather than national level (Gold, Cressey, & Léonard, 2007; A. Schafer & Leiber, 2009; Smismans, 2008; Yang, 2008). Considering these facts, the impact of EES on social partnership at national level offers an interesting field of research. Therefore, the research question of this thesis is: Does the implementation of the EES result in social partner involvement at national level? While EES constructs the independent variable, change in social partnership/ social dialogue is the dependent variable. The link between the independent and dependent variables will be explained by historical institutionalist theory. Furthermore, in order to illustrate the impact of EES, a comparative analysis of two case studies (i.e. Greece and Ireland) will be conducted. In the following section the core concepts<sup>3</sup> will be introduced in order to provide a better understanding. Then, methodology and case selection will be discussed. After that, the theoretical framework will be explained. Finally, the overview of the following chapters will be introduced in this chapter.

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<sup>3</sup> Social dialogue / social partnership, European Social Dialogue, European Employment Strategy, Lisbon Agenda, Open Method of Coordination

## **1.1 Social Dialogue / Social Partnership at National Level**

‘Social Dialogue’ is a broad concept that comprises co-operation between key players of economic and social policy. In this thesis, the terms: ‘social dialogue’ and ‘social partnership’ are used interchangeably.<sup>4</sup> There is not a single definition for social dialogue. While in some countries at particular times the content of this co-operation referred merely wage fixing, and in other countries at other times it might include broader range of industrial relations (B. Casey & Gold, 2000). Throughout this thesis the social dialogue definition of International Labour Organisation (ILO) will be used. According to ILO social dialogue includes ‘all types of negotiation, consultation, or simple exchange of information between representatives of governments, employers, and workers, on the issues of common interest relating to economic and social policy’ (Ishikawa, 2003, p. 3). ILO illustrates a social dialogue triangle to explain the relationship among the different elements of dialogue. Exchange of information is regarded as the basic form of social dialogue that implies no real discussion or action on the issues dealt with; however it is also seen as an essential starting point towards more substantive social dialogue. Consultation entails a higher intensity of dialogue compared to information exchange; however, consultation itself is lack of decision-making power. Finally, negotiation takes place on top of the social dialogue triangle. Collective bargaining and policy concertation can be interpreted as the two dominant types of negotiation. These forms of social

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<sup>4</sup> While in Greece the term ‘social dialogue’ is used, in Ireland ‘social partnership’ is preferred.

dialogue can be informal and ad hoc as well as formal and institutionalised. Additionally, as ILO (2003, p. 3) acknowledges these practices do not mutually exclusive and generally occur as a combination of the institutionalised and non-institutionalised forms. The notion of social dialogue is country specific. Thus, in the case study chapters it will be clarified how social dialogue/partnership is defined and practiced in the national context before analysing the EES impact on the level of social dialogue

It is crucial to note that the focus of this thesis is social dialogue at national level. Therefore, social partners are defined also at national level. These are peak level employer associations, labour unions, and representatives from voluntary and community pillar that are officially recognised as social partners by state. On the other hand, there is also ‘European Social Dialogue’ (ESD) which refers to the process at European level regulated by Articles 136-139 EC<sup>5</sup>.

It is necessary to explain European Social Dialogue briefly in order to distinguish ESD from the national level social dialogue/partnership and to prevent any confusion at next stages. Although the attempts to create European level social

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<sup>5</sup> Originally Social partnership is designed by the Articles 3-4 of the Agreement on Social Policy which was annexed to the Protocol on Social Policy of the Maastricht Treaty. By Amsterdam Treaty (1997) these articles were translated into the EC Treaty under Articles 138 and 139. For detailed information see Welz (2008).



dialogue dates back to 1970s<sup>6</sup>, the notion of European Social Dialogue generally pronounced with Val Duchess Talks of 1985. Val Duchess talks were based on autonomous bipartite European social partner activities through joint options, resolutions and declarations. Within the course of time European Social Partners have gained the right of being co-legislators via social dialogue procedure (Art. 139). In other words, addition to the mandatory consultation of the social partners (Art. 138), EU level social partners' agreements gained the power to be transposed into Community law by Council decision (K Jacobsson, 1999). The directives that are adopted through European Social Dialogue procedure are: EWCs (1994), parental leave (1996), part time work (1997), working time in sea transport (1998), fixed term contracts (1999), mobile workers in civil aviation (2000), and working conditions of mobile workers in cross border services (2004) (Gold et al., 2007, p. 9).

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<sup>6</sup> The Treaty Establishing the European Economic Community did not mentioned the specific duties of social partners in terms of social and employment policies prior to 1990s. However, European Economic and Social Committee have been created through Articles 193-198 of the Treaties of Rome. EESC is made up of nationally nominated representatives of the employers, workers and various associations from agriculture, SMEs, freelance professions and science. A consultative function was attributed to them. As a requirement, before the final decision is reached up by the EC institutions (the Council and the Commission), EESC's statement must be heard. Several authors point out that EESC did not turn out to be an 'effective channel of influence' for the social partners because of the ideological split among the EESC parties (Falkner, 2000, p. 12; Gorges, 1996, p. 34; Lodge & Herman, 1980, p. 284; A. Schafer & Leiber, 2009, p. 4; Streeck & Schmitter, 1991, p. 138). 1970s onwards the stress on social partnership has increased. The increased participation of social partners in economic and social matters was considered as an indispensable part towards economic and monetary union at the EC Paris Summit of 1972. This stress was repeated in the 1974 Social Action Programme and declared as one of the main goals. In order to prop up especially the employee representatives, a European Trade Union Institute (ETUI) was established in 1978 with Commission's financial support. Meanwhile, European Trade Union Confederation (ETUC) had been founded in 1973. For detailed information see Dolvik and Visser (2001).

EU level Social Dialogue terminology is also different than the definition of social dialogue that has been used in this thesis. According to the social partners' declaration at the Laeken Summit (December 2001) the definitions of a tripartite concentration, consultation and social dialogue are following:

- (a) *Tripartite concentration* indicates exchanges between social partners and European Public authorities;
- (b) *Consultation of the social partners* refers to the activities of advisory committees and official consultations in the spirit of Article 137 of the EC Treaty;
- (c) *Social Dialogue* is bipartite work by the social partners, whether or not prompted by the Commission's official consultations based on the Article 137 and 138 of the EC Treaty (ETUC, UNICE, & CEEP, 7 December 2001).

Although EU terminology does not include the term 'social partnership'; in practice the terms social dialogue and social partnership are often used synonymously to refer 'a set of interactions between employers, unions and possibly government and other social groups at EU or individual member state level' (B. Casey & Gold, 2000, p. 9). European Social Dialogue occurs both in intersectoral (cross industry) and sectoral levels. European Trade Union Confederation (ETUC), the private employers' confederation (UNICE)<sup>7</sup>, small business confederation (UEAPME), public employers (CEEP) are regarded as social partners in terms of intersectoral level by the Commission (Welz, 2008, p. 293).

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<sup>7</sup> In 2007 the name of UNICE changed and became BUSINESSEUROPE.

## **1.2 Impact of European Employment Strategy (EES)**

In order to understand the independent variable of this thesis first it is necessary to explain the EES process. After that Open Method of Coordination (OMC) will be discussed because EES is regarded as one of the principal examples of OMC.

### **1.2.1 European Employment Strategy (EES): A Brief Overview**

EES has been designed as a mechanism to rebalance Economic and Monetary Union and institutionalized through the Employment Title in the Amsterdam Treaty. EES was launched in 1997 at the Jobs Summit of European Council in Luxembourg. Thus, employment was accepted as a ‘matter of common concern’ (Keller, 2000, p. 30; Watt, 2004, p. 118). Coordination of employment policies of each member states was targeted to be achieved through employment policy guidelines that are set by the Employment Committee, while the implementation and policy design was left to the national level (Tsarouhas, 2007). The rationale behind the EES became a ‘model for the new form of governance at the EU level’ (Pochet, 2006, p. 77). Contrary to the Community method (non-flexible, legally binding rules through directives or regulations), employment strategy seeks to define common objectives and let Member States to apply via soft law (Porte, Pochet, & Room, 2001, p. 302). EES was also evaluated positively as an attempt to place employment as common objective whereby ‘the soft law discourse may be translated into binding normative rules’ (E. Szyszczak, 2000, p. 206).

From 1997 to 2005 the Luxembourg process was based on an annual cycle. Employment Committee prepared a set up of 19 guidelines for national labour market policy. These guidelines were divided into four pillars, namely, employability, entrepreneurship, adaptability and gender equality, each of which represents one of the perceived weakness of the European labour markets (Watt, 2004, p. 118). Member states draw up National Action Plans (NAPs) to lay down their methods of implementation. Commission and the Labour and Social Affairs Council analyse National Reports and evaluate both national and EU level performances. After this analysis, Joint Employment Report is published by Council and the Commission with Commission's annual report on employment performance. In 2001 Stockholm Summit horizontal objectives were introduced. These include: achieving full employment, promoting the quality of work and lifelong learning, social partner involvement in the process and particular employment rates for targeted groups<sup>8</sup> which was agreed in the Lisbon European Council in 2000.

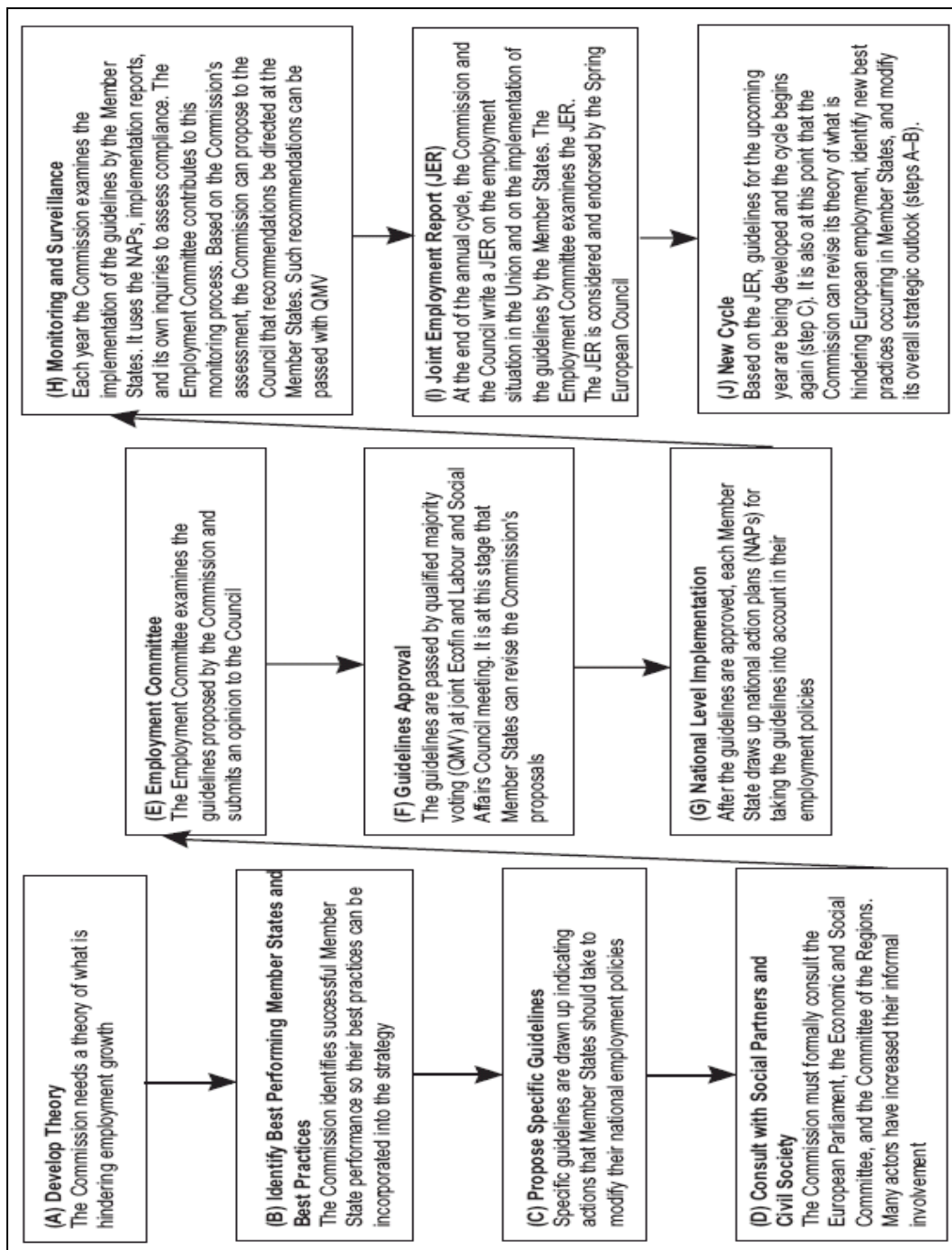
In 2005, political priorities of the Council changed so did the policy aims of the EES (Porte & Natali, 2009, p. 79). This change can be observed in three aspects. First, employment creation policies were strengthened such as further increase in adaptability of workers and enterprises and active labour market policies. Secondly, the promises on equal opportunities and equal treatment of men and

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<sup>8</sup> A quantitative benchmark for employment has been set by the Lisbon European Council to be achieved by 2010. These are: 70% overall and 60% for women. In 2001, %50 for older workers objective was added.

women, quality of work were 'sidelined' (Porte & Natali, 2009, p. 79). Thirdly, the EES cycle has shifted three year basis and aligned with economic policy coordination. Thus Employment Guidelines were integrated in macroeconomic and microeconomic policy guidelines for three year period.

In the literature, overall evolution of the EES is generally analysed in three phases in terms of different degrees of 'political salience and social partner involvement' (De la Porte & Natali, 2009). In this classification, not only national level but also European level social partner involvement has been taken into consideration. The first phase (1997-2000) is represented by the term 'employability' which aims to maximise the participation of active population to labour markets. During this phase while the national integration and involvement of national partners in the process was regarded as weak, the European partner positions differed according to their prime objectives (De la Porte & Natali, 2009). ETUC was eager to participate in every opportunity (J. Dolvik & Visser, 2001; Trubek & Trubek, 2005). On the other hand, UNICE remained critical towards EES and uninterested in partnership (Arcq, Dufresne, & Pochet, 2003; Branch & Greenwood, 2001).



**Figure 1: The European Employment Strategy Cycle 1997-2002**

Source: Mosher and Trubek (2003, p. 70)

The second phase (2000-2005) is characterized by the Lisbon Agenda (2000).

The quantitative targets put pressure on welfare state models with low rate of

employment especially among female and older labour (De la Porte & Natali, 2009).<sup>9</sup> During this phase member states started to consider EES as a tool for supporting ongoing reforms. It is argued that institutionalisation of EES in member states has led to increase in the degree of national partner involvement (De la Porte & Natali, 2009, p. 79). On the European level, social partners continued to involve Tripartite Social Summits through drawing up positions. It should be noted that ETUC faced difficulty to draw up interests of its national affiliates. Thus, ETUC's participation in EES remained weak. However, during the second phase, UNICE realized that there are some commonalities between its own objectives and the EES agenda especially with regards to job creation. There has been a shift in the means of EES towards raising employment as the fundamental objective rather than reducing unemployment. A shift 'from passive income support to activation services, and from a curative to a preventive approach to fighting unemployment' (Zeitlin, 2005b, p. 451).

During the third phase (2005- onwards) EES had been reformed. In the literature it has been argued that in this third period, the social priorities were watered down and the power of socially oriented actors substantially reduced (De la Porte & Natali, 2009). This reflects the social partner involvement in the process since ETUC has been suspicious about the discourse on *flexicurity* while UNICE (BusinessEurope) has been fierce supporter. In discourse the social partnership

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<sup>9</sup> In general Continental and Southern European Welfare regimes have experienced low rate of employment among women and elderly people.

among key actors is encouraged through soft law within EES. However, sceptics suggest that in the absence of sufficient European pressure to trigger change EES fell behind of its primary objectives (Tsarouhas, 2008b).

### **1.2.2 Open Method of Coordination and the Lisbon Agenda**

As the diversity within EU increases Community needs required a new form of policy coordination to implement desired polity forms accurately in certain areas as a means of pursuing economic and employment growth coupled with social cohesion. In line with the Lisbon Summit (March 2000) target of becoming ‘the most competitive and dynamic knowledge based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion’; open method of coordination (OMC) is considered as the new form of governance.

According to the Lisbon European Council (2000) the key elements of OMC are the following:

- (a) fixing guidelines for the Union combined with specific timetables for achieving the goals which they set in the short, medium and long terms;
- (b) establishing, where appropriate, quantitative and qualitative indicators and benchmarks against the best in the world and tailored to the needs of different Member States and sectors as a means of comparing best practice;



- (c) translating these European guidelines into national and regional policies by setting specific targets and adopting measures, taking into account national and regional differences;
- (d) periodic monitoring, evaluation and peer review organised as mutual learning processes (EC, 2000).

OMC is applied to the areas which are regarded as traditionally thorny and generally clustered and protected under the matters of national sovereignty such as labour market policies and social security issues. Therefore, OMC differs from the rigid traditional community method of legally binding legislation with its soft law mechanisms (Goetschy, 2001). EES is pointed as one of the initial policy areas where OMC is applied.

In the literature of the domestic impact of OMC three broad aspects can be identified. The first aspect belongs to the optimists. They view soft law character of OMC as a solution for historically thorny areas. Employment policy through sanction free- soft- law is regarded as a way of demonstrating that the negotiations were not in stalemate over substantive disagreements (Kohler-Koch & Rittberger, 2006, p. 36). Proponents argue that in order to coordinate a policy area, traditional method is not only option. According to the optimists, instead of legal enforcement, OMC tools such as ‘benchmarking’, ‘naming and shaming’ and ‘peer pressure’ can promote learning process (Trubek & Trubek, 2005). To some, soft law may even be superior to the legally binding procedures since it has

the ability to facilitate learning while providing flexibility to the policy process (Radaelli, 2003b). Optimists state even hard law might fail to achieve its goals if they contain broad and abstract terms which can be misinterpreted by the actors in the implementation process (Trubek & Trubek, 2005). Moreover, OMC supporters claim soft law can be more effective in social policy and employment where member states do not want to transfer their prerogatives to the supranational level through hard law.

Knill and Lenschow (2005) defines three kinds of domestic influence which are: compliance, competition and communication. While the first two are more related with hard law, the domestic impact OMC is categorized under the third category: communication. Similar to Knill and Lenschow's categorisation, Bulmer and Padget (2004, p. 105) states that different governance structures have generated different transfer types. According to this categorisation, coercive forms of transfer are evident in policy areas where hierarchical governance is prevalent such as single market. In coercive forms member states are obliged to adopt a policy as a membership duty. Policy transfer based on negotiation occurs where the EU tries to agree common rules or norms by common / majority consent (policies decided by QMV). Finally, voluntary forms of transfer (facilitated unilateralism) arise when member states maintain sole sovereignty and at the same time co-ordinate/co-operate policy via EU institutions. Holzinger and Knill (2005) stresses the fact communication embodies different learning processes such as 'lesson drawing, transnational problem solving, policy emulation and

international policy promotion'. In this context, OMC is regarded as a 'deliberative form of governance' (K Jacobsson & Vifell, 2007). Several authors argue that OMC reduces the democratic deficit since it relies on national stakeholders rather than centralised expert deliberation (Ardy & Begg, 2001; Erika Szyszczak, 2006; Teague, 2001). According to the deliberative democracy theories, participation of multiple actors leads conflict resolution and improves legitimacy (Porte & Natali, 2009, p. 75).<sup>10</sup> This point is also reflected in the debate about new modes of governance and good governance because these terms are generally attributed to OMC by the proponents of the process.

Contrary to optimists, sceptics argue that in comparison to the Community method, OMC is lack of power to influence national policy making due to its nonbinding- sanctionless character (Chalmers & Lodge, 2003; A. Héritier, 2002). Furthermore, OMC is seen as a threat to Social Europe. Underlying assumption is that EU is driven by neo-liberal agenda in which economic integration is favoured and social dimension is neglected. Scharpf highlights the unbalanced nature of economic and social dimensions of EU by arguing that non-existence of legal sanction in the realm of Social Europe reflects 'the asymmetry between policies promoting market efficiencies and those promoting social protection and equality'. Moreover, Schafer suspects that "governments select voluntarist procedures mainly to secure their own competencies rather than to realize

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<sup>10</sup> Legitimacy through participation is generally related to input/output functions of legitimacy. While input legitimacy represents 'government by the people', output legitimacy represents 'government for the people'.

common goals” (A Schafer, 2006). Sceptics also question the novelty of the process. Schafer states that OMC can be regarded as ‘another form of multilateral surveillance’ that has been practiced before by OECD and IMF (A Schafer, 2006).

The third group evaluates OMC based on empirical research. This approach emphasises the limits of OMC particularly with regard to the difficulties of achieving common objectives.<sup>11</sup> Casey and Gold argues that the learning mechanism of peer review process remained limited with labour market technicians and experts. Thus, overall peer reviews ‘hardly acted as a catalyst for policy transfer’ (B. H. Casey & Gold, 2005, p. 37). Zeitlin also supports this argument and claims that: “there are relatively few concrete cases at national level of the OMC’s contextualised benchmarking approach” (Zeitlin, 2005a, p. 472). Lopez-Santana (2006) explained the limited capability of OMC on direct policy transfer and ‘reflexive learning’ (Zeitlin, 2005a, p. 473) by institutional inertia and procedural shortcomings of OMC (e.g. limited participation of social partners in the process). Furthermore, in relation to the social partner involvement, it is argued that broad participation is positive and desirable for further democratisation, legitimisation and accountability (De la Porte & Pochet, 2005; De la Porte et al., 2001). However, the mechanisms of participation through OMC is found fundamentally ambiguous (De la Porte & Natali, 2009, p.

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<sup>11</sup> For detailed information see Büchs and Friedrich (2005) on Germany, Graziano (2004) on Italy and France, Armstrong (2006) on UK, Tsarouhas (2008b) and Seferiades (2003) on Greece.

75). Despite the intended aim of increased entitlement of social partners to be part of the process, it is argued that through OMC, involvement of social partners varies depending to their own priorities.

### **1.3 Theoretical Framework**

The main purpose of this thesis is to analyse whether the implementation of EES result in social partner involvement in policy formulation and implementation at national level in Greece and Ireland. While the level of social partnership / social dialogue constitutes the dependent variable, the impact of EES is independent variable. Change will be analysed at two levels.<sup>12</sup> First level change indicates the change in discourse used by social partners. This level change is used to assess cognitive change. Second level shows the change in social partners' involvement in the formulation and implementation of policy. In order to detect first and second level change a set of practices will be applied (K. Jacobsson, 2004). These are:

- a) the changed use of language towards a Europeanized framework of action.
- b) developing common indicators and other scientific tools,
- c) the strategic use of comparisons and evaluation with European counterparts and
- d) knowledge diffusion and the broadening of the social partners' agenda (Tsarouhas, 2008b)

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<sup>12</sup> Two-level categorization is originally developed by Hall (1993). This thesis will be based on a modified version of Hall's two level policy change which is also used by Tsarouhas (2008b).

Considering the wide use of term Europeanization in academia, it is also necessary to explain the Europeanization concept. In this thesis Radaelli's definition of Europeanization is preferred since it can be applicable to a soft law process and includes learning processes and institutionalisation.<sup>13</sup> This definition refers to processes of:

a) construction, b) diffusion, and c) institutionalization of formal and informal rules, procedures, paradigms, styles, 'ways of doing things', and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures and public policies. (Radaelli, 2003a, p. 30).

Besides these operational definitions, the link between variables will be established through a new institutionalist approach. To be specific, this thesis analyses the impact of EES on social partnership at national level through historical institutionalist lenses. Before explaining the theory in detail, it is necessary to define institutions. Institutions consist of 'formal and informal rules, monitoring and enforcement mechanisms, and systems of meaning context within which ... labour unions ... other organisations operate and interact with each other' (Tsarouhas, 2008a, pp. 19-20).<sup>14</sup> The crucial importance lies behind the assumption that these institutions influence how actors' set their preferences and

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<sup>13</sup> This definition is a modified version of Ladrech's definition (1994).

<sup>14</sup> It should be stated that in the literature there is no single definition of institutions nor a consensus has been reached about their salient attributes. Definition of institutional setting varies across three main variants, also scope of explanation (e.g. interests, ideas and norms).

interests and the way they try to reach their goals, thus structures policy making processes and substantive policy (Bulmer & Padgett, 2004, p. 105). In other words, “the institutions that are at the centre of historical institutional analyses- from party systems to the structure of economic interests such as business associations- can shape and constrain political strategies in important ways, but they are themselves also the outcome (conscious or unintended) of deliberate political strategies, of political conflict and of choice” (Steinmo, Thelen, & Longstreth, 1992, p. 10). At this point, it should be noted that contrary to a general misinterpretation, as Burnham et al (2004) demonstrates new institutionalists do not display a preference for one set of institutions over another. Instead, new institutionalists are more interested in exploring how and in what ways institutions affect the behaviour of their member states.

In the literature, three broad theories of rational choice, sociological institutionalism and historical institutionalism are denoted as major variants of new institutionalism.<sup>15</sup> The rationalist branch of new institutionalism drives its ontological starting point from the theories of economics and intends to apply these theories to politics. Here, individuals are defined as the key political actors. As an assumption, individuals are treated as rational actors with fixed preferences who aim to maximise their interests within the surrounding environment. According to rational choice institutionalism, institutions are important because

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<sup>15</sup> Peters (1999, p. 19) recognises seven distinct categories of new institutionalism. However, these three approaches constitute the major ones.

they structure interactions of individuals, provide information and enforcement. In other words, institutions are significant since they conceptualise the rationality by providing certain ‘sanctions, rewards, and eventual outcomes’ around individual behaviour (Hall, 1997, p. 190). Thus, institutional surroundings affect individual’s evaluation of possible choices and also affect their behaviour (Tsebelis, 1990). As Aspinwall and Schneider (2001, p. 9) indicates, rational actor model can be criticised since they overlook the impact of informal institutions. It is necessary to note, rational choice variant of institutionalism tend to focus on short-term decision making as opposed to sociological institutionalists who concentrate on long term institutional impact (McLean, 1992).

Sociological institutionalism represents the other edge of the line as opposed to the rational choice institutionalists. Beyond rational calculations, this theory emphasises the role of cultural norms and seeks to explain ‘normative and cultural mechanisms ... by which identity are constrained or constructed’ (Schneider & Aspinwall, 2001, p. 12). They define institutions in a broader sense. Along with formal rules, procedures and norms, sociological institutionalists also include ‘the symbol systems, cognitive scripts, and moral templates that provide the frames of meaning’ in their definition of institution (Hall & Taylor, 1996, p. 947). According to the sociological institutionalists, individuals act according to a ‘logic of appropriateness with institutions shaping preferences and behaviour’ (Risse-Karpen, 1996). While sociological institutionalists criticise rationalists due to their over-emphasis on rational action, sociological institutionalists can be



found insufficient in drawing the boundaries between culture and institutions and their over-reliance on cultural aspects.

Historical institutionalism, on the other hand, stands in between rational choice and sociological institutionalists while having common traits of both variants. Historical institutionalists expect that actors should be rational in determining their preferences as rational institutionalists do. However, historical institutionalists attach more importance of the impact of institutional settings on individuals' behaviour than their rationalist counterparts. Historical institutionalists assert that institutions' effectiveness in serving certain goals has to be judged over time (Tsarouhas, 2008a). They also object the sociological interpretation of institutions as 'shared scripts' by highlighting the role of conflicts among and between groups in a same society (Thelen, 1999, p. 387). Historical institutionalism pursues a structuralist stand with regard to their perception of institution which are sustained by systems of values, norms, and practices in society (Thelen, 1999). Historical institutionalist put an emphasis on the asymmetries of power that arise from the way in which institutions work while acknowledging the existence of both formal and informal institutional arrangements. Institutions can refer to 'deliberately created institutions' that are responsible for the implementation of public policy and 'formal rules structuring relations between the state and interest groups', as well as 'formal administrative institutions within the state' and 'informal rules, agreements, and customs within the state and between the state and society' (Peters, Pierre, & King, 2005, p.

1286). Moreover, historical institutionalism stresses the importance of ‘path dependency’ which limits the ability of ‘emerging forces’ to reshape the system (Tsarouhas, 2006, p. 92). In this aspect, institutions are interpreted as rigid structures, resistant to change due to traditional institutional legacies (Weir, 1992). As Pagoulotos indicates: “Path dependency encourages backward looking interpretations, revolving around concepts of distinct historical influences and traditions” (Pagoulatos, 2004, p. 2). For instance in the Greek case these values are identified as patrimonialism, clientelism, statism. Considering the advantages of historical institutionalism over rational and sociological variants (e.g. its explanatory power in explaining continuity, and the consideration of both formal and informal institutions), historical institutionalism has a higher explanatory power for this thesis.

However, historical institutionalism still can be criticised because of its ineffectiveness for explaining change (Peters et al., 2005). As an attempt to explain change, historical institutionalists argue that change can occur at some critical junctures<sup>16</sup> which threaten the existing equilibrium of power and allocation of resources. Critical juncture is defined as a “period of significant change, which typically occurs in distinct ways in different countries ... and which is hypothesized to produce distinct legacies” (Collier & Collier, 1991, p.

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<sup>16</sup> These moments are also referred as ‘turning point’, ‘crisis’, ‘unsettled times’, ‘formative moments’, ‘punctuated equilibrium’. As an early example, Polanyi refers ‘critical periods’ in explaining the rise of the modern market economy (Polanyi, 1944, p. 4). Throughout this thesis, the term ‘critical juncture’ will be used. For detailed information see (Capoccia & Kelemen, 2007).

29). Therefore, there is a link between a critical juncture and consequent path dependent processes. In the times of critical junctures, new goals and priorities are attached to public policy and new political and administrative structures are established to sustain these new policies (Steinmo et al., 1992). As Pierson (2004) explains, these junctures are critical because they constitute a starting point for many path dependent processes or trajectories that are very difficult to alter later on. But, this explanation fails to explain change holistically. Conditions triggered change should be analysed more. This drawback of the historical institutional theory is visible in comparing Greek and Irish social partners' attitudes towards social partnership. While both states attempted to reform their industrial relations systems vis-à-vis growing socio-economic crisis, Ireland was able to embrace a social dialogue procedure while Greece failed to do so. Critical juncture explanation fails to answer why critical juncture occurred at that point of time and not before.

#### ***1.4 Methodology and Case Selection***

This thesis is based on a qualitative research that analyses the impact of EES on national partner involvement in policy formulation and implementation. As Burnham et al. (2004, p. 32) demonstrates, qualitative research is popular among political science theorists on the grounds that “it involves collecting information in depth but from relatively small number of cases”. Hence the design of the thesis is composed of comparative analysis of two case studies, qualitative

research fits with the objectives of the thesis. Following to the dominant track of literature, qualitative research will be applied through reviewing existing literature, analysing primary and secondary data on national partner involvement in the selected countries, comparing and evaluating the collected data. Reports and documents from EU institutions, various government publications and academic texts will be analysed. Since the main aim is to investigate the level of change in social partnership, partners' own assessment of social partnership process and the EES as of critical importance. To access partners' own positions, their official websites, publications and social partnership agreements (if any) will be used. Besides, reports and initiative opinions of partnership bodies will be analysed since they contain significant assessment of the level of partnership that also imply partners' own preferences on the subject. Furthermore, social partners' evaluation of draft NAPs, Commission's Guidelines and reports and questionnaires that are held by EIRO will also be used.

In order to have a wider understanding than a detailed unique case, two case studies will be compared in this thesis. These cases explore social partnership developments and the impact of EES on the level of social partnership in Greece and Ireland. With a separate chapter findings will be compared and evaluated within the overall debate on the domestic impact of OMC. As it is indicated by Burnham et al. "the major difficult with comparative design is in finding comparable cases" (2004, p. 55). Ireland and Greece can be comparable in many aspects. Considering their sizes, they are relatively small member states of

European Union. Also duration of EU their membership are close. While Ireland became an EU member in 1973, Greece joined EU in 1981. Their economic significance to EU is also comparable. Both states have passed through critical economic crisis in relation with EMU membership. Most importantly, both countries do not have a historically rooted social partnership culture as a part of their welfare state characteristics. In both countries emergence of social partnership/ social dialogue attempts are seen as 1970s 1980s. While these attempts failed in Greece, Ireland on the other hand has been able to institutionalise its partnership system and maintained this consensus.

As it has stated before, in the extensive research on OMC/EES relatively few amount of them are dedicated to the social partnership layer. Among the literature analysing the impact of OMC/EES on social partnership, focus is mainly on the development and evolution of European Social Dialogue. Additionally when the literature on national level social dialogue is reviewed, Greece and Ireland has never been compared in terms of the impact of EES on the social partnership. In the existing literature on social partnership in Ireland, general tendency is towards defining/analysing/criticising the 'distinct' characteristics of Irish partnership without referencing the impact of EES (E. O'Connor, 2002; Rory O'Donnell & O'Reardon, 2000; Teague & Donaghey, 2009). Although some authors identify a European effect, they did not specify any EES impact (S. O'Connor, 2003). On the other hand, for Greece, authors give more space to European influence on Greek social partnership compared to Ireland (Aranitou, 2003; d'Acri, Johnston,

& Kornelakis, 2009; Lavdas, 1997; Sotiropoulos, 2004; Tsarouhas, 2008b; Yannakourou & Soumeli, 2005). Again, many of the existing literature evaluate the process of social partnership in Greece within a broader framework of Europeanization and comparative studies are limited. Therefore, a study which comparatively analyses the impact of EES on national level social partnership in Greece and Ireland contributes to the existing literature by targeting this gap.

Moreover, Greece and Ireland belong to different welfare regime types. While Ireland represents Liberal/Anglo-Saxon model, Greece stands for Southern European model. In the case selection, members of social democratic and continental welfare regimes are not deliberately chosen due to the policy concertation and traditional dialogue tradition culture embodied into their system. Additionally, Central and Eastern European Countries are not included because of their relatively new adherence to the EU.

## ***1.5 Overview of the Following Chapters***

After explaining the core concepts, relevant literature, theoretical framework, methodology and case selection in this chapter, following two chapters are devoted to the case studies. First Greece (Chapter II), than Ireland (Chapter III) will be analysed in terms of the impact of EES on the role of the national level social partners in these selected countries.

In the case studies, an identical design will be followed. After a brief introduction, country profile and welfare state characteristics will be overviewed. Second, social partnership/social dialogue and partners will be defined in the national context. Third, the historical evolution of industrial relations and interest representation will be explained. Therefore, reform attempts and domestic factors become visible. Fourth, the impact of EES on social partners will be demonstrated at two levels. While the first level indicates change in social partners' discourse, second level change implies change in partners' participation in policy formulation and implementation.

Case Study chapters will be followed by the comparison and evaluation chapter (Chapter IV). In this chapter first empirical findings gathered in the case study chapters will be compared. Second comparison will be evaluated and the findings will be placed in the broad literature on the domestic impact of OMC. In the last part, a critique will be given. Finally, the thesis will end up with the conclusion chapter (Chapter V) in which a brief summary of findings can be found.

## **2. THE IMPACT OF EES ON SOCIAL PARTNERSHIP IN GREECE**

### ***2.1 Introduction***

This chapter focuses on social partnership/social dialogue in Greece in order to analyse whether EES has an impact on social partnership development in Greek national setting. To assess the impact of EES, a two level change analysis will be used.<sup>17</sup> While the first level change indicates the change in social partners' discourse in accordance with EES objectives, the second level implies the change in social partners' involvement in formulation and implementation of policies, employment policies in particular. Before analysing the European effect, it is necessary to know the basic characteristics of Greek welfare state and to understand how social partnership is defined and implemented in the Greek context. To this end, actors, institutions and the evolution of social partnership will also be explained so as to comprehend a better analysis.

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<sup>17</sup> This classification is based on Tsarouhas' modification of policy change classification used by Hall (1993). See (Tsarouhas, 2008b).



## **2.2 Greece: Country Profile as a Southern European**

### **Welfare State**

Located on the South-eastern Europe, Greece has 11.2 million population and 131.957 km<sup>2</sup> total area (EUROPA, 2010b). Greece joined EU in 1981 and Eurozone in 2001. It has an open market economy. Since mid-1990s up to 2008 average growth rate was 4% but growth dropped to %2 in 2008 and Greece went into recession in 2009 (Pelagidis, 2010). Currently GDP growth is -2%. While the public sector share in GDP is 40%, tourism constitutes 15% of GDP.

In terms of welfare state characteristics Greece is generally grouped with other Southern European states along with Spain, Portugal and Italy. Although Esping-Andersen (1990) did not classified a distinct ‘Southern European’ or ‘Mediterranean’ welfare regime type, obviously southern welfare states show differential characteristics at least to be considered as a ‘family of nations’ (Guillén & Alvarez, 2001, p. 103).<sup>18</sup>

Greece embraces all of the main characteristics of the Southern model that Ferrera (1996) defines: Firstly, fragmentation in income maintenance remains high and includes corporatist elements. In terms of welfare provision, there is an

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<sup>18</sup> For the literature review whether Southern European Countries constitute a distinct welfare regime type or not see (Guillén & Alvarez, 2001).

internal polarisation. Social democratic tradition (i.e. generous pension systems) is combined with occupational income transfers that produced ‘macroscopic gaps of production’ (Ferrera, 1996, p. 17). Elderly population is privileged in welfare transfers over the younger sections of population. Secondly, in health care provision, the departure from corporatist tradition<sup>19</sup> towards universalistic provision can be detected through the establishment of national health services. Thirdly, the degree of state penetration is low. The level of welfare spending in Southern European states is lower than their northern counterparts. The role of state is combined with the welfare delivery by family, church and charity. Finally, particularistic-clientelistic profile of Southern European states is distinctive.<sup>20</sup> In other words, “public welfare institutions are highly vulnerable to partisan pressures and manipulations” (Ferrera, 1996, p. 27). Thus, welfare manipulation can be asserted through political clientelism. This last feature is significantly important within the scope of this thesis, understanding the EES effects in Greek social partnership in particular.

Literature shows that clientelism evolved in time and shifted from individual patron-client level to collective level and asserted through strong party politics (L. Graziano, 1973). This is also observable in Greece (i.e. the shift of individual

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<sup>19</sup> Corporatist traditions set one of the main characteristics of ‘conservative’ continental model (Rhodes, 1997)

<sup>20</sup> Although the existence of clientelism and patronage practices in Southern European Member States are excessively stated in the industrial relations literature (Featherstone, 1998; Ferrera, 1996; Lavdas, 2005; Tsarouhas, 2008b), there is a debate whether this feature can be classified as ‘regime differentiated’ characteristic. Nevertheless, this is beyond the purpose of this thesis. For detailed information see (Guillén & Alvarez, 2001).

clientelism to collective level through the party structure and activity under PASOK). As Lavdas (2005) argues, the dominant role of state institutions, party politics and clientelism have implications on interest representation. While the organised business has been able to keep the distance from state control and to form a relative autonomy from party influence, labour remains heavily dependent on unions, which are fragmented and weak. The effects of state corporatism have been asymmetric for management and labour. Therefore, the argument goes on, interest intermediation in Greece can be portrayed as a case of ‘disjointed corporatism’ (Lavdas, 1997).

### **2.3 Greek Social Partnership**

In the Greek context the term ‘social dialogue’ is preferred and generally referred to the collective bargaining process, which leads to the signing up the National General Collective Agreements (EGSSEs). This type of social dialogue is also referred as ‘autonomous social dialogue’ (Aranitou & Yannakourou, 2004). Article 22(2) of 1975 Greek Constitution guarantees collective bargaining and free collective bargaining was granted by Law 1876/1990.

In the Greek context there is also a distinction between institutionalised and non-institutionalised procedures of social dialogue (OKE, 2002). Institutionalised procedures refer to the ‘deliberation of government with delegates of the social

partners conducted within established national level dialogue structures<sup>21</sup>, as well as through the participation of the social partners in the decision-making bodies<sup>22</sup>, (Aranitou & Yannakourou, 2004, p. 258). On the other hand, non-institutionalised social dialogue refers to the dialogue between social partners and the government to reform labour market, the social insurance system and the system of taxation since 1997(OKE, 2002). This form of dialogue is conducted in various bodies. On-going informal or provisional agencies such as the National Council on Competitiveness and the National Coordination Committee on Euro can be a board for social dialogue.

## **2.4 Actors and Institutions for Social Dialogue**

In Greece, social partners are the representative organisations on both labour and employer side, who are signatories of the National General Collective Labour Agreements. Labour is represented by the General Confederation of Labour (GSEE) and the Confederation of Public Servants (ADEDY). On part of the employers, they are represented by the Hellenic Federation of Greek Enterprises (SEV)<sup>23</sup>, the National Confederation of Hellenic Commerce (ESEE) and the

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<sup>21</sup> Established national level structures are: the Economic and Social Council (OKE) by virtue of Law No. 2232/1994, the National Land Planning Council by virtue of Law No. 2742/1999

<sup>22</sup> The Boards of Directors and the Public Policy Commissions

<sup>23</sup> SEV was founded as the Association of Greek Industrialists and Minor Industrialists. In 1979 SEV changed its name to Federation of Greek Industries and rechanged its name in 2006 to Hellenic Federation of Greek Enterprises.

Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE).  
(Kapsalis, 2010b)

Permanent bodies for social dialogue were established in 1990s. The central platform for social dialogue is Economic and Social Council (OKE) was founded in 1994. As of 2001 OKE has constitutionally recognised. According to the constitution<sup>24</sup>: “The law determines the issues related to the formation, operation and competences of the Economic and Social Council whose mission is to conduct the social dialogue on the country’s general policy and in particular on economic and social policy guidelines, as well as to formulate opinions on government bills or MP’s law proposals referred to it” (OKE). The structure of OKE is modelled on Economic and Social Committee of European Union (ESC). Three categories of interest groups are represented within OKE: employers/entrepreneurs, public and private workers and other (farmers, self-employed people, local government and consumers).

Organisation for Mediation and Arbitration (OMED) was established in 1990 by the law concerning free collective bargaining (1876/1990). The fundamental aim of OMED is to assist negotiating social partners to achieve a conclusion though

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<sup>24</sup> Article 82, paragraph 3 of 1975 Constitution of Greece.

mediation when the negotiations face an impasse.<sup>25</sup> Thus, OMED has been given a complementary role in the process of collective bargaining when mediation is necessary.

There are two national committees operating on an established basis: the National Committee on Dialogue for Employment and the National Committee on Dialogue for Social Protection. They were both founded by the Law 3144/20003. The former is responsible for (1) promoting social dialogue in formulation of policies to tackle unemployment, as well as to increase employment; (2) monitoring and evaluating National Action Plan for Employment. The National Committee on Dialogue for Social Protection focuses on policies against poverty and social exclusion. It has an ‘advisory role’ in forming, monitoring and evaluating the NAPs for Social Inclusion (Yannakourou & Soumeli, 2005).

## ***2.5 Greek Industrial Relations: A Historical Perspective***

Greek industrial relations can be examined in three phases. The first phase covers the emergence of interest representation in the late 19<sup>th</sup> – early 20<sup>th</sup> century until the end of the dictatorship period of 1967-1974. State penetration and exclusion of independent trade unions are the key aspects of industrial relation in the first phase (Tsarouhas, 2008b). The second phase begins with the regime change and

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<sup>25</sup> For detailed information see <http://www.omed.gr/en/> (OMED)

the establishment of the Third Republic in 1974-1975. This period includes the reforms under PASOK government in 1980s. The third phase explains the developments in 1990s onwards. It should also be kept in mind that becoming an EC/EU member and also joining to EMU has a visible impact on the design and direction of the reforms concerning industrial relations. Its effects are visible especially in the third phase. It has been argued that the logic of 'Europeanization strategy' paved the way for the creation of new institutions to foster European kind 'social dialogue'.

### **2.5.1 The Emergence of Interest Representation and Its Characteristics until 1974**

At this stage, industrial relations were limited with centralized, hierarchical, state sponsored collective bargaining practices.<sup>26</sup> The overall state dependent structure limited the possibilities' of collective bargaining. Although there had been attempt to construct structures that are encouraging dialogue (e.g. Social Policy Council, National Development and Productivity Council), these efforts failed (Tsarouhas, 2008b). In order to understand the dynamics of industrial relations and power asymmetries in Greece, emergence of organized interest representation should be overviewed from both labour and employer sides.

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<sup>26</sup> According to the law of 3239/1955 collective bargaining was sanctioned by the state and the disagreements between social partners were handled through a system of compulsory arbitration.

### 2.5.1.1 Labour

On the labour side, groups gathered for coordinating protest and strike activities in the shipbuilding sector in 1879 can be seen as the first examples of labour unions in Greece. Then interest groups spread to other sectors in time. From late 19<sup>th</sup> century up to the first decade of the 20<sup>th</sup> century unions had strong ‘syndicalist tradition’ while workers and employers could join to a single entity. However, this type of formulation was banned by the Liberal Venizelist government in 1914. (Lavdas, 2005).

The basis for contemporary labour law was introduced by series of laws and degrees in the period of 1909-1922.<sup>27</sup> In 1914, a rudimentary legislation of collective agreements in which state played the role, was introduced. As Katsenavas (1984) argues the outstanding feature of this legislation was the broad degree of state intervention. This legislation “introduced and entrenched a paternalistic system of state jurisdiction in the industrial relations system. Given this basis state paternalism and government intervention were bound to increase under the pressure of later historical political developments” (Katsanevas, 1984, p. 80).

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<sup>27</sup> These laws regulated Sunday leave (1912), working hours (1912), women and child labour (1912), payment of salaries and wages (1914)



Trade Union formation in Greece was laid down in the early 20<sup>th</sup> century. GSEE was founded in 1918. At the early stages, activities of the GSEE were supported by Liberals who tried to control the union. However, strengthened position of communist ideas post World War I and increasing influence of Socialist Labour Party (SEK) among workers resulted in difficulties to control labour activities by state. Thus, several repression measures were applied after 1920. State paternalism became increasingly significant. In 1931, Labour Home, a central institution for networks and management of funds from employers and workers was founded under the auspices of Ministry of Labour. Therefore, unions' financial dependence on state was sustained.

The authoritarian regime of 1936<sup>28</sup> introduced 'new coercion and co-optation measures' towards trade unions (Lavdas, 2005). During this period, a compulsory system of paying dues and contributions by workers for the benefit of GSEE was established. This compulsory contribution system has been operated through Workers' Welfare Organism<sup>29</sup> (OEE).

While the workers in private law employment relationships that are employed either in public or private sector has been represented through GSEE, Confederation of Public Servants (ADEDY) was established to represent workers

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<sup>28</sup> The time of Metexas dictatorship (1936-1940)

<sup>29</sup> Ergatiki Estia- OEE

with a public law employment relationship in 1947. Both GSEE and ADEDY operate at three levels while the primary level unions forms secondary level Federations that are members of the tertiary level Confederation (Yannakourou & Soumeli, 2005). However, only the secondary and third levels are systematically linked which leads a ‘considerable fragmentation’. Fragmented structure of unions has two major implications: difficulties for collective action organisation and the ‘development of particularistic links between individual unions and political/governmental forces’(Lavdas, 2005, p. 302).

To sum up, as Kioukias demonstrates (2003, p. 125), the main characteristics of this period are the followings: Failed state corporatism, exclusion of independent trade unions, strict labour laws, hostility towards collective action, policy of cheap labour and state penetration in union relations.

#### **2.5.1.2 Business**

The first organised business interest group was the Commercial Association of Athens (ESA) founded in 1902.<sup>30</sup> SEV, which was to be consolidated as the peak employers’ association in 1950s, was founded in 1907. The Hellenic Confederation of Professionals, Craftsmen and Merchants (GSEVEE) was established in 1919, representing a whole range of businessmen and merchants. It should be noted that unlike its national and European counterparts, National

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<sup>30</sup> Although there had been several informal groups to represent business interests in other cities such as Patras and Piraeus, SEV and ESA were accepted as the first formal groups established in the capital.

Confederation of Hellenic Commerce (ESEE) was formed at a later stage, in 1994.

Lavdas (2005, pp. 307-308) argues that post war state-business relationship in Greece remained weak and underdeveloped due to the legacy of politicised protectionism and 'the lack of any consistent policy of import-substituting industrialisation. It is also stated SEV as the leading business association relatively secured its position in 1950s and 1960s and acquired certain asymmetric positions in the political system, networks and veto points before the military coup of 1967. This privileged position helped SEV to form its ideology relatively autonomous from the state and the parties unlike heavily dependent trade unions.

### **2.5.2 Restoration of Democracy and Reforms of 1980s**

Although the authoritarian regime of 1967-74 has been replaced by the establishment of the Third Republic in 1974, regime change itself did not represent an overall shift in industrial relations. Despite the experiences of its Iberian neighbours (i.e. Spain after 1976), Greece did not pass through a process of institutionalisation of new associations or extensive new legislation right after

the regime change.<sup>31</sup> Rather than change, elements of continuity with the structures and period that were dominant before 1967 are evident (Lavdas, 2005). There are two possible explanations for this continuity. The first one concerns the time period under the authoritarian regime. The short life of the dictatorship limits its effects. Secondly, the restoration period was itself conducive to continuity.

Substantial change seems followed with the party alternation in government when the Socialist Party (PASOK)<sup>32</sup> formed its first government in 1981. After the democratisation business associations has been viewed sceptically due to the perceived identification with the authoritarian regime (Lanza & Lavdas, 2000). This hostile political environment catalysed SEV's efforts to increase its authority and to emancipate from particular party lines. State business confrontation peaked in 1984 by the formation of a France modelled business front (ESIP). With the second PASOK government in 1985, government's anti-business rhetoric was toned down. SEV on the other hand, in order to avoid an internal split, divide itself from ESIP which in turn attributed to the business- state rapprochement.

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<sup>31</sup> It should also be mentioned that the Constitution of 1975 guaranteed the right to form unions and associations, the right to strike and the right not to be involved in collective activity.

<sup>32</sup> Pan-Hellenic Socialist Movement. PASOK came to power in 1981. After dictatorship period (1967-1974) and the rule of conservative party (New Democracy) between 1974 and 1981, Greek political system shifted to left with PASOK (Sotiropoulos, 2004). PASOK stayed in power until 1989. In 1993 elections PASOK returned to the office and won successive elections until 2004. New Democracy came to power in 2004. In October 2009, PASOK was elected again.

Apart from the internal challenges of regime change and the democratisation process, international conjuncture had a critical effect on Greek industrial relations as well. Rising labour costs, the economic effects of oil shocks, EC/EU membership (1981) and the acceptance of the Single European Act required reforms for industrial relations. In such an atmosphere, the PASOK government adopted a stabilisation programme for 1985-1987, which strengthened the position of the government towards union-state relationship. While this pack was welcomed by SEV, it caused an internal crisis for GSEE (Lavdas, 2005). In the late 1980s and early 1990s SEV accomplished to strengthen organisational structure by moving away from everyday business and increase its coverage. GSEE, on the other hand, has also gained some additional rights (e.g. more strike rights) but, state control over finance and internal organisation of the unions remained (Kioukias, 2003).

### **2.5.3 Developments from 1990s Onwards**

Several laws have been introduced and new institutions were established in this period. From 1990 onwards attempts are significant within the legal framework. In 1990 the government adopted a number of measures to develop a modern framework for collective bargaining in Greece. For the first time in Greek history the government attempted to develop 'free collective bargaining' with the

passage of Law 1876/1990<sup>33</sup> (Yannakourou & Soumeli, 2005). The National Unity government (1990-1993) also tried to create a framework for decentralized bargaining. Sectoral and enterprise levels were for the first time recognized by the government in the bargaining process. In addition to this, compulsory arbitration by state was abolished. Organisation for Mediation and Arbitration (OMED) was created in 1990. Thus compulsory arbitration was abolished and replaced by a system of mediation through OMED. Since 1991 National General Collective Agreements (EGSSEs) are signed in every two years between social partners. While the main concern of the agreements has remained with wage setting, a broader set of issues related to work organisation (e.g. work hours, health and safety issues, vocational training) were also discussed (Zambarloukou, 2006).

In 1999 public administration was included in collective bargaining by Law 2738/1999. Compared to the other European member states, inclusion of the public sector comes very late in Greece.<sup>34</sup> It should also be noted that while the collective bargaining legislation favours development of industrial or sectoral organisations over occupation based interest representation, its effect so far has been limited (GSEE, 2007, p. 9).

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<sup>33</sup> For more information on the content and structure of the collective bargaining introduced by the 1990 law see (EIRO, 2009)

<sup>34</sup> Although in 1996 Greek Parliament ratified the ILO Conventions 150 and 151 that provide the right of participating in collective bargaining for public sector, these were not implemented in practice until 1999.

One of the major developments of this phase is the creation of an institutionalised body for social dialogue. In 1994 Economic and Social Council was established as the central forum for social dialogue. OKE is responsible for creation and further enhancement of social dialogue especially on economic and social policy guidelines and formulation of common opinions of social partners. In 2001 its role was recognised by the Constitution. Alongside OKE, local branches of the Economic and Social Committee (NOKE)<sup>35</sup> were established by law to develop consensus at local level. However, their effect remained on paper since neither any funds nor any personnel were allocated to this task (Kioukias, 2003; Sotiropoulos, 2004; Zambarloukou, 2006).

Besides OKE and OMED other dialogue bodies has been created as well. The National Employment Committee and the National Social Protection Committee were established in 2003. While the former Committee concerns dialogue related with employment policies to increase employment, the latter focuses on social dialogue against poverty and social exclusion. In addition to these permanent institutionalised bodies, there are also non-institutionalised agencies such as the National Council on Competitiveness (ESA). ESA is responsible for assisting to promotion of competitiveness following to an initiative from the Ministry of Development and the request of SEV(Aranitou & Yannakourou, 2004).

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<sup>35</sup> Prefectural Economic and Social Committees

From the late 1980s the need for more competitiveness has been stressed in the EU agenda. EU became more and more concerned about labour market reform to be more competitive in the international arena. The creation of European Employment Strategy is tried to be revitalised by the 'Lisbon Agenda' of 2000. As Featherstone (2003, p. 932) demonstrates, the new EU agenda coincided with the modernisation project of the PASOK government under Costas Simitis after 1996. In order to keep Greece 'at the heart of the EU' and to tackle new external economic challenges a set of political and social reforms were needed (Featherstone, 1998). Government tried to implement these difficult structural reforms vis-à-vis the introduction of Greece in the EMU through social dialogue between state, and peak representatives of industry to minimise the costs. However, the intended dialogue could not be achieved properly. The first set of reforms in 1998 was proved to be limited and far from reaching the objectives that government had targeted to achieve.

Following the 2008 world financial crisis and the global economic downturn, a Greek fiscal crisis erupted in late 2009 and resulted in the Greek 'sovereign debt crisis of 2010' (Featherstone, 2011). The crisis led to the introduction of important changes in the country's industrial relations regime.

Throughout the 1990s Greece sustained high levels of public debt. As Featherstone (2011) explains, since 1993, public debt 'fluctuated around the



equivalent of 100% of GDP'(p.6). Incapacity to reform, growing spending and weak state structures are seen as the main reasons for the crisis in Greece. Furthermore, in times of austerity instead of reducing spending successive governments choose to increase taxes rather than limit state spending. After the 2009 elections, when PASOK returned to power, the new Finance Minister Papakonstantinou announced that the government debt for 2009 was actually triple the figure reported by the previous government of the centre-right New Democracy party. In a way reminiscent to what happened in 2004 (at that time New Democracy had also revised figures upwards following its own election victory), the PASOK administration argued that Greek statistics were inaccurate and not credible.<sup>36</sup> While the credibility of Greece has been weakened, the country also faced a danger of default on its foreign borrowing.

As a response to the Greek crisis, Euro-area member states of EU decided the principles of a 'rescue deal' for Greece in the March 2010 European Council. Greece has been given a 'bailout' loan of €110 billion by the EU member states in the common currency area and the International Monetary Fund (IMF). The first instalment of loans was disbursed in May 2010; subsequent instalments are subject to a positive evaluation progress made with respect to conditionality criteria in the Memorandum of Economic and Fiscal Policies (MEFP) and the Memorandum of Understanding (MoU) signed between the Greek government on

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<sup>36</sup> The ratio of government debt to GDP was declared as 12,8 % as opposed to the previous government's data of 3,6% of GDP. In 2010 and following a reform of the Greek statistical agency and in accordance with updated economic figures public debt rose to 13,6 % of GDP.

the one hand and the European Commission, the European Central Bank and the IMF on the other (CEC, 2010).

According to the MoU of 3 May 2010, the Greek government agreed to reform the wage bargaining system in the private sector as a part of structural reforms to “provide for a reduction in pay rates for overtime work and enhanced flexibility in the management of working time and to allow territorial pacts to set wage growth below sectoral agreements and introduce variable pay to link wages to productivity performance at the firm level” (Government, 2010, p. 10). On 17 December the relevant draft law proposed by the Government was adopted by the Parliament (Law 3899/2010). According to the interpretative circular of 3 January 2011, this law enables the signing of ‘special operations collective agreements’ on terms and conditions lower than the conditions of the sectoral agreements at enterprise level (Express, 2011). In other words, this legislation gives the right to employers and workers to set aside the sectoral collective agreements by reaching an agreement at company level if companies face ‘financial difficulties’(Neoskosmos, 2010).

Greek government officials argue that this law does not deteriorate sectoral agreements stating that ‘sectoral agreements are still in force, if and when the employers and employees do not agree on a common basis and sign a special operating agreement’ (Bekiari, 2010). However, it should be born in mind that

this provision may deprive the power of trade unions, bypassing the sectoral level collective agreements in the long term. In terms of social dialogue, in the interim review, the government states that the draft law will be drafted in consultation with the social partners before reaching parliament. Nevertheless, it remains questionable to what extent social partners were genuinely consulted.

In May 2010 a new law was introduced to guarantee job security. This law aimed at regulating flexibility in the labour market by setting specific conditions for part-time and short-time employment, temporary agency work, employee layoffs and working time arrangements. Contrary to Law 3899/2010, the social partners participated more in the drafting of this law. Although employers opposed strict provisions on limiting flexibility, this law is the outcome of a tripartite consultation with social partners' representatives between October 2009 and January 2010 (Lampousaki, 2010b).

It should also be noted that several other laws have been introduced in response to the economic crisis to reduce public spending and activate the newly established European financial support system. Law 3863/2010 eases firing of white collar workers, reduces overtime costs, decreases the minimum wages for younger workers which was set by the EGSEE and reforms the arbitration and mediation procedure (OMED) by presidential decree. While these new measures

have been welcomed by SEV, they have been harshly criticised by GSEE and ESEE and have been described as unconstitutional (Lampousaki, 2010a).

## ***2.6 The Impact of EES on Social Partnership in Greece***

In this section, the impact of EES on Greek social partnership will be analysed at two levels. First level change indicates the cognitive change. At this section it will be argued that there has been a rhetorical shift in partners discourse. Especially from 1990s onwards the need for social dialogue has been stressed by all of the partners including the government. Considering the social partners' traditional antagonistic relations between each other vis-à-vis state, and their unwillingness to cooperate, this consensus marks a cognitive change. However, the main reason behind this fact cannot be attributed solely to the inauguration of EES. The institution building process and the measurable targets and timetables introduced by the Lisbon Agenda were reflected in this shift more than the introduction of EES. In the second level, the primary concern will be the extent to which social partners' involvement in policy making and policy implementation has changed after EES. Only a limited effect has been detected.

### **2.6.1 First Level Change**

At this level, the discourse of the social partners is analysed. Partners' views on social partnership (how they assess social partnership) and the Europeanization of their discourse in accordance to the EES requirements construct the main focus.

When the social partners' discourse about social dialogue is analysed it is evident that from the beginning of the 1990s there has been a shift towards a positive attitude over social dialogue. In this period, attempts to develop social dialogue in Greece have been intensified. It should be noted that the reforms are generally top-down and introduced by the governments either in the form of new laws that guarantee free collective bargaining or establishment of new structures to facilitate social dialogue. Recognition of free collective bargaining (Law1876/1990) and inclusion of public sector in collective bargaining process (Law2738/1999) can be given examples of these new laws. Creation of institutions such as OKE (1994), OMED (1990) helped social partners and increase the awareness of social dialogue.

To some extent these bodies provide the platform for dialogue. For instance, in 1994 social partners with their own initiative agreed to create a Fund for Employment and Vocational Training (LAEK) within the collective bargaining process. Likewise, the Hellenic Institute for Occupational Health and Safety

(ELINYAE) was founded in 1993 according to the agreed EGSEE terms. As Tsarouhas (2008b) states, cognitive change in social partners' agenda towards further dialogue can be detected in the creation of LAEK and ELINYAE but rather than EES itself, 'the domestic institutional structure created after 1990' have served as the key mechanism for this change. Put it simply, facilitating role cannot be attributed to the introduction of EES, domestic institutional building process as an attempt to create consensus among partners is more important. SEV also defines EGSEE as a platform for social dialogue to address institutional and other issues (SEV). The creation of a Labour Institute (INE) by labour unions (GSEE and ADEDY) to analyse trade union objectives can be given as another example of domestic institutional setting.<sup>37</sup> INE also conducts cross European comparisons for setting the union targets on income and social benefit levels in EU.

While the introduction of EES did not lead to a major change in social dialogue discourse, it is evident that Lisbon Strategy is reflected explicitly. After the introduction of Lisbon Strategy the social partners recognised the need of setting measurable targets and reasonable time limits, promoting good governance through social dialogue against the Greek tradition of haphazard decision-making in social policy. Partners also criticised the National Reform Programme of 2005-2008 implemented by the Greek government which is seen as a part of the Lisbon

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<sup>37</sup> For detailed information on INE see (INE, 2010).

Strategy due to the inexistence of specific targets and clear timetables (OKE, 2008).

Terms distinctive to the Lisbon Strategy such as promotion of flexicurity and knowledge-based economy have been reflected in all of the social partners' agenda. The goals of promoting social dialogue increasingly stressed together with achieving the Lisbon objectives. The reports of INE, reflecting the views of GSEE and ADEDY, can be shown as an evidence of this change in discourse. Not only employers but also unions calls for a shift towards knowledge economy through 'development of knowledge-intensive activities and creation of the conditions for developing innovations and integrating them in the production of goods and services' (Karakioulafis, 2005). Furthermore, comparative manner towards other EU states in terms of specific Lisbon targets are also evident in the Greek social partners' rhetoric. Finally, adaptation of Lisbon-related discourse within collective agreements also signs a discourse change (d'Acri et al., 2009). Endorsement of active market policies for older sections of society and provisions against sexual harassment at work in the 2004-2005 EGSEE (Kretsos, 2004) and the goal of increasing female employment rate in EGSEE 2006 (Stamati, 2006) confirm the cognitive impact of Lisbon.

Overall, when the first phase of the EES (1997-2001) is evaluated in terms of the change in partners' discourse it is seen that EES could not create a major shift

towards partnership. This fact is also highlighted in the report of the Ministry of Labour and Social Affairs (2002) by defining the partners and the government being 'hesitant' to the social dialogue practices. The reason behind this fact is stated by the Ministry is having lack of social dialogue tradition. Furthermore, it is also stated that employment policies of Greece has been receptive of the EES influence mainly after 2000 while the employability pillar gains most of the attention. Gradually after 2000, social partners recognise the need for dialogue and refer European framework more in time. The number of initiatives and common positions of social partners have increased in the last decade. Calls for social dialogue as a way of achieving Lisbon targets is reflected in several documents. OKE opinion states that:

Social dialogue is a key tool for achieving Lisbon goals since the social partners are basic contributors to the implementation of these goals, as well as participants in the good governance model promoted by the European Union regarding the manner of EU decision-making. In Greece, in particular, it is necessary, following consultation with the social partners, to set annual quantitative and qualitative indices for monitoring the progress of the employment goals set in Lisbon, with a time horizon of 2010 (OKE, 2002).

However, the existence of rhetoric towards increased social dialogue does not necessarily that partners increasingly being involved in decision making which will be analysed in the next section.



## 2.6.2 Second Level Change

At this level to what extent EES contributes to the role of social partners' involvement in formulation and implementation of employment policies will be discussed. It is argued that EES effect on policy formulation and implementation remains only limited and the outcome is problematic. Social dialogue process in Greece still continues to be ineffective and reflects the historical ideological legacies within a form of inherited 'asymmetry in the social content of disjointed corporatism' (Lavdas, 2005).

Along with the general trend of increasing policy concertation<sup>38</sup> in 1990s across Europe, there have attempts to strengthen and include Greek social partners in policy formulation and implementation. The first Collective Bargaining Agreement was signed in 1991. Although by the Law 1876/1990 partners acquired free bargaining right, its effectiveness still can be criticised. As it is pointed out by OKE by the year 2003 the provisions of the EGSEE are ratified 'belatedly' and 'selectively' (Yannakourou, 2003). It is also demonstrated that the terms of the collective agreements remain poor compared to other EU states (OKE, 2002). Many labour market issues promoted by EES such as improvement of equal opportunities of men and women and tackling gender pay gap (Kapsalis, 2010a), flexicurity, new work organisation and career breaks were not brought on

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<sup>38</sup> Policy concertation is defined as the codetermination of public policy by social partners namely government, employer organisations and trade unions. For detailed information see(Compston, 2002)

the bargaining table (Aranitou & Yannakourou, 2004). Thus, the existence of legislation does not mean that social partners are taking advantages of the options they have.

When it comes to the ‘non-traditional’ forms of social dialogue, first attempt to conduct a nation-wide tripartite dialogue with social partners’ occurred in as late as 1997 to achieve a consensus on necessary reforms due to EMU membership (Aranitou & Yannakourou, 2004). The focus was on reforming economy and welfare expenditure in terms of EMU entrance. It is important to note that the domestic modernization discourse has been boosted by Europeanization. As Featherstone (2003) points out modernization was associated with Europeanization by the proponents of Simitis Government. Discussions lasted six months and resulted with the conclusion of an agreement that is known as ‘Government-Social Partners Confidence Agreement on the course to the Year 2000’. As a consequence, some adjustments in the regulation of industrial relations took place targeting decentralisation of bargaining and higher flexibility in the labour market (J. E. Dolvik, 2004). Its measures have been criticised to be partial and ineffective (Ioannou, 2000). Therefore, this process did not achieve the intended results and remain limited.

In line with the EES objectives after late 1990s governments has declared the need to include social partners in the process and committed themselves to

consult social partners before legislation on social policies. However, problems about dialogue have been persistently excessive. As Lavdas points out ‘substantive negotiations on any consequence (as distinct from exploratory overtures) extend to issues beyond pay only with great difficulty’ (Lavdas, 2005, p. 309). Furthermore, existing agreements on non-wage issues such as training and parental leave are lack of ‘major re-distributive’ consequences (d’Acri et al., 2009). Only the issues which are easy to achieve consensus and have low costs for both business and labour were agreed such as promotion of personal data protection, campaigning against racism and undeclared work, health care provision for young unemployed people through LAEK (Kretsos, 2004).

In terms of social partners’ participation in NAP formation process, there has been a progress after 2000. In 2001 partners for the first time were invited for drafting NAP and Third Community Support Framework. However, their role seemed to be remained on paper. Their views were not taken into account in the final version of NAP. They were not included in the implementation process as well (Tsarouhas, 2008b).

Overall, the EES impact on second level change is clearly very limited. Many of the attempts have failed to include effective inclusion of social partners in the policy formulation and implementation process. Limited and ineffective character of social dialogue practice in Greece has been stressed by various OKE

documents as well. The link between social dialogue as promoted by the Lisbon Agenda and ineffectiveness of social dialogue in Greece is reflected in the recent OKE Initiative Opinion. OKE states that:

The EU priorities are closer to the people and the necessary responsibility is getting stronger for implementing the strategy for Europe 2020, when a continuous social dialogue exists and operates between all levels of government. Unfortunately in our country, that the proposed dialogue "lames" (ineffective) in many aspects and at all the levels and must be paid tremendous effort by all participants to have the desired result (OKE, 2010, p. 27).

## ***2.7 Limits of EES***

Considering the limited and ineffective social dialogue practices in Greece it is obvious that EES was unable to overcome past legacies. Its 'indirect and inadequate' impact on Greek social partners was not sufficient to invigorate their roles (Tsarouhas, 2008b). Due to EES' reliance on national institutional settings for achieving its objectives stated in the guidelines, the goal of increasing social partnership has failed in Greece. Greek industrial relations which is 'distorted and disjointed' (Lavdas, 1997) continue to follow a path dependent route. Paradox of Greek governance that combines democratic formal structures and the political culture marked by clientelism, rent-seeking and corruption (Featherstone, 2011) seems to be continuing and limiting the reform capacity.

Although there has been a consensus on limiting the state's role in industrial relations, it is hard to say partners especially labour unions acquired independence from state intervention. Existence of Workers' Welfare Organism (OEE) can be taken as evidence. As mentioned before, OEE is the institution, which operates the compulsory financial contribution system. Although in 1990 OEE was abolished by law, GSEE requested a revision of OEE since abolishment of the funding system led a collapse of trade union operation. Today mechanism remains as the principle source of trade union funding together with EU subsidies. Thus, it can be argued that trade unions could not manage to release themselves from state dependency actually. As Yannakourous and Soumeli (2005) state: "this is also reflected in the so-called financial independence of the unions, which has become a matter of controversy".

Another important issue regarding the weakness of social partner organizations is the underrepresentation of the key interests in the process. So far EES have not contributed to the improvement of this fact. As Featherstone (2003, p. 935) states that on the business side, medium sized firms do not have effective representative association and large firms are alienated by SEV. On the unions' side, GSEE and ADEDY are controlled by unions that represent people with secure and stable jobs. Therefore, they are more resistant to change and accept flexibility. At this point, EES proves to be ineffective for providing incentives to improve and overcome these institutional weaknesses.

## **2.8 Conclusion**

This chapter analysed the impact of EES on Greek social partnership. Greece as a Southern European welfare state represents ‘disjointed corporatism’ (Lavdas, 1997) that involves ‘skewed modes of organisational representation, lack of reciprocity and trust and rent seeking approach from the state’(Featherstone, 2011), as the main form of interest representation. In the Greek context, the term ‘social dialogue’ is preferred but there is a division between what is defined as institutionalised social dialogue such as EGSEEs and non-institutionalised form (e.g. tripartite or bipartite dialogue to reform labour market). Throughout the 1990s there have been developments to improve social pacts as consistent with the general European trend. These attempts include introducing new legislation for free collective agreements and creation of new institutions to flourish social dialogue (e.g. OKE, OMED). Although there has been a growing emphasis on social dialogue from all partners of dialogue, the partners’ involvement in policy making and implementation remained limited (CEC, 2002) an ineffective (OKE, 2010). Therefore, to a large extent efforts have failed to create a sound social dialogue.

At the cognitive level Lisbon driven language can be detected by the social partners. Terms such as knowledge based economy or flexicurity that are distinctive to the Lisbon Agenda are used by partners. Creation of tangible measures, targets and time limits are appreciated by the partners. Whilst there has

been a tendency to limit the traditional interventionist role of state in industrial relations by enhancing social dialogue along with strengthening partners; main source of regulation continues to be government legislation (OKE, 2002). Therefore, state still plays the leading role although intervention has decreased over the last two decades to some extent.

Social partners' role in policy formation and implementation remained only consultative. Their input in decision-making and policy implementation is poor (CEC, 2002; Kioukias, 2003; OKE, 2010; Tsarouhas, 2008b). EES can be criticised because of its reliance on domestic institutions. Hence these structures are weak in Greece the outcome is also limited. Asymmetric power representation, politicisation of industrial relations, weak administrative system, and clientelism impede the reform process. EES on the other hand are lack of any means to overcome these path dependent characteristics at least in the short term in Greece. Furthermore, Greek economic crisis proposes several challenges for the future of social dialogue. The impact of new laws is uncertain at the moment since it is too early to assess a detailed analysis.

## **3. THE IMPACT OF EES ON SOCIAL PARTNERSHIP IN IRELAND**

### ***3.1 Introduction***

The main objective of this chapter is explaining social partnership in Ireland<sup>39</sup> and analysing to what extent EES has an impact on social partnership development in the Irish national setting. To assess the impact of EES, a two level change analysis will be used.<sup>40</sup> While the first level change indicates the change in social partners' discourse in accordance with EES objectives, the second level implies the change in social partners' involvement in policy-making and implementation process. Before analysing the European effect, it is essential to know the basic characteristics of Irish welfare state and to understand how social partnership is defined and implemented in the Irish context. To this end, actors, institutions and the evolution of social partnership should also be explained so as to comprehend a better analysis.

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<sup>39</sup> The Irish Free State from 1922, Eire from 1937 and Republic of Ireland from 1949

<sup>40</sup> This classification is based on Tsarouhas' modification of policy change classification used by Hall (1993). See (Tsarouhas, 2008b).



### **3.2 Ireland: Country Profile as a Liberal Welfare State and Its Critiques**

Ireland is a small European Union member state of almost 4,5 million people. It is located on a divided island, lies northwest of continental Europe. Its total area is 70.000 km<sup>2</sup> (EUROPA, 2010a). Historically, the island of Ireland became the first British colony in the 16<sup>th</sup> century and remained incorporated into Britain until 1921. Thus, British legacy strongly influenced the Irish state system as well as its industrial relations. Along with Britain Ireland is generally placed among the liberal welfare state model. Key parameters of the liberal regime can be found in the table below:

**Table 1: Key Parameters of Liberal Welfare State Regimes**

**Source: Ginsburg (2001, p. 174)**

<ul style="list-style-type: none"><li>• A low level of social expenditure as a proportion of GDP</li><li>• Low social protection from the risks and needs arising from unemployment, sickness, old age, pregnancy/maternity, lone parenthood</li><li>• High exposure of households with below average incomes to the full market costs of housing, health care, care of dependants, lone parenthood</li><li>• Low replacement levels of income by state benefits and pensions</li><li>• Exclusionary, restrictive and deterrent qualification of social insurance</li><li>• High levels of income inequality and relative poverty</li><li>• A central role for means tested benefits</li><li>• Stigmatized, underfinanced and low quality public services</li><li>• Loose regulation of and low or no subsidy for private welfare provisions</li><li>• A culture of reliance on self-financed, family support and care, supplemented by charity and occupational provision</li></ul>
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Although Irish social policy shares features with Britain (i.e. low social insurance coverage, a central role of means tested benefits and economic competitiveness, high levels of relative poverty and income inequality), Irish and British systems of welfare regimes cannot be regarded exactly the same. The absence of ‘routine, long-lived formal or informal social corporatist interest representation’ (Swank, 2002, p. 236) in Britain constitutes the main difference between London and Dublin.

Apart from liberal legacy, Ireland also maintains some common traits of Southern European welfare system. For instance, historical level of economic development, the role of religious (Catholicism) and third sector organisations in service provision are common (Ginsburg, 2001). Nevertheless, political clientelism and low levels of policy concertation do not characterise Irish welfare system unlike Southern European States.

In terms of social partnership, it is argued that in Ireland partnership evolved as a combination of four main institutional influences. While the partnership base has been built upon the institutions of its pre-existing ‘British liberal welfare state and voluntarist industrial relations system’; the institutions of ‘Roman Catholic social system’, ‘European integration’<sup>41</sup> and Americanized foreign direct investment

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<sup>41</sup> Ireland’s motivation in seeking EC membership was attributed to a wide range of reasons. Membership advantages includes access to a ‘large, high-priced and heavily subsidised’ market

policy' provide additional pillars and new characteristics to social partnership. Ireland combined British, American and European influences in varying degrees. Since the late 1980s Ireland move towards 'greater neo-liberal flexibility and at the same time become more neo-corporatist and social partnership oriented' (Boucher & Collins, 2003, p. 297). Thus, some authors separate Ireland from the Esping-Andersen's (1990) liberal (Anglo-Saxon) welfare state cluster to highlight its distinctive character. While Boucher and Collins (2003) label Irish form of industrial relations as an example of 'neo-liberal corporatism'; National Economic Council of Ireland (NESC) tries to identify Irish welfare regime by classifying Ireland as a 'Developmental Welfare State'(NESC, 2005). Active labour market policies and social partnership are seen as the key figures explaining Irish socio-economic and employment policies.

However, these opposing views are not commonly accepted yet. It is obvious that Ireland is not following exactly the same route as its British or American counterparts but whether this is a sufficient reason to reclassify Ireland as being a part of another welfare system is highly questionable. In terms of social partnership, Ireland embodies a certain level of European corporatist elements within its liberal legacy. As Boucher and Collins (2003, p. 304) demonstrates Irish social partnership agreements should not be regarded 'strictly neo-

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for the Irish food surplus and compared to Britain EC offered a more dynamic market to Irish goods. Besides the material motives, O'Donnell also describes the role of external relationship in the international conjuncture and the Ireland's desire to overcome the limits of closure and isolation. For detailed information see (Rory O'Donnell, 2000).

corporatist'. There are three reasons associated with this fact. First, partners are not monopolies and membership for partnership affiliates is voluntary. Second, bargaining and implementation processes are also voluntary. Therefore, any party involved in partnership process can unilaterally withdraw the agreement. Third, the terms of the agreements are not legally binding unless parliament passes them into law. Consequently, Ireland is generally classified within the liberal welfare state cluster. Thus, within the scope of this thesis, Ireland is taken as an example of liberal welfare regime. However, its differences from US and Britain should also be kept in mind.

### ***3.3 Irish Social Partnership***

According to the Irish Government Act regarding to the establishment of the National Economic and Social Development Office, the term 'social partners' refers to:

Persons participating in the arrangements put in place by the Government to assist in the formation of economic and social policy, and which the Taoiseach<sup>42</sup> considers to be representative of the main business and employer, trade union, farming and community and voluntary sectors and in particular, those organisations or persons which enter into arrangements approved by the Government, or from time to time, to promote economic and social development through the coordination of their respective activities (Government, 2006a, p. 6)

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<sup>42</sup> Prime Minister

Within the framework of this social partner definition, the social partnership shall be constructed accordingly. The analytical basis of the Irish partnership is characterised by National Economic and Social Council as follows:

- The partnership process involves a combination of consultation, negotiation and bargaining;
- The partnership process is heavily dependent on a shared understanding of the key mechanisms and relationships in any given policy area;
- The government has a unique role in the partnership process. It provides the arena within which the process operates. It shares some of its authority with social partners. In some parts of the wider policy process, it actively supports formation of interest organisations;
- The process reflects interdependence between partners. The partnership is necessary because no party can achieve its goals without a significant degree of support from others;
- Partnership is characterized by a problem solving approach designed to produce consensus, in which various interest groups address joint problems;
- Partnership involves trade-offs both between and within interest groups;
- The partnership process involves different participants on various agenda items, ranging from national macroeconomic policy to local development (NESC, 1996, p. 66)

In the Irish context, ‘social partnership’ is the exact term which is most commonly used by the participants to refer policy concertation. As it is understood from the Government documents and the official texts from various social partnership forums social partnership is an encompassing phrase to explain the cooperation of the Government and the social partners in the formulation of economic and social policies since 1987 (Government, 1987, 1996; NESC, 1996; NESF, 1997).

### ***3.4 Irish Industrial Relations: A Historical Perspective***

In Ireland, the origins of social partnership can be found in the interwar period as a part of state driven industrialisation process (Berger, 2002, p. 336). Although the tripartite agreements started in 1987, elements of tripartism have roots back to the 1960s. As O’Connor (2002, p. 115) states: “Social partnership in Ireland is the outcome of long-term mediating forces rooted in the colonial legacy, as well as response to the problems in the economy and industrial relations that arose between 1969 and 1987”. Evolution of the conditions, actors and institutions that create social partnership agreements can be explained in three phases: the colonial legacy (1909-1932), in search of a third way (1932-1948) and towards social partnership (1958-1987).<sup>43</sup>

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<sup>43</sup> The historical evolution of this period is summarized in the following sections based on the information given by O’Connor (2002, pp. 156-165).

### 3.4.1 The Colonial Legacy

In the 19<sup>th</sup> and early 20<sup>th</sup> century Anglicisation of the class structure had a reflection on Irish industrial relations. Irish Trade Union Congress (ITUC) was founded in 1884. British TUC structure was modelled in the formation of ITUC. Anglicisation was reflected through the sectionalist pattern of unionism, free collective bargaining favoured industrial relations, minimum state intervention and antagonistic labour state relations.

Irish employer militancy and nationalist movements among workers triggered the launch of Irish Transport and General Workers (ITGWU) in 1909. This remarked the beginning of partial de-Anglicisation process with the motto: 'Irish unions for Irish workers'. Economic expansion during 1917-1921 and the struggle for national independence from 1919-1922 offered a fertile ground for a general revival of Irish based unionism.

Irish industrial relations in the interwar period was characterised by state intervention. The social manifesto of Sinn Féin<sup>44</sup>, the Democratic Programme was based on a draft prepared by ITUC. Post war militancy was also supported by the Sinn Féin implicitly. However, under the Cumann nGaedheal government, the domination of British rule over Irish Free State was accepted. Industrial

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<sup>44</sup> After the 1918 election Sinn Féin was the victorious party.

relations in this period (1922-1932) remained within the British model but the opposition from the unions against this system was growing.

### **3.4.2 In Search of a Third Way: 1932- 1958**

In 1932 Fianna Fáil party came to power with the ideal of political independence and economic nationalism. Thereon the importance of labour and employer federations was fostered with the industrialisation programme of 1932. The series of failed corporatist initiatives characterise this period. An initiative to create a National Economic Council consisted of the representatives of government, management, labour and agricultural sector failed. It should be noted that the proposed role of the Economic Council was merely consultative. Thus, the power of the government, Department of Industry and Commerce to be specific, would have remained unchanged as the sole policy maker even if the initiative was successful.

The efforts to reform industrial relations in Ireland also failed due to growing inter-union disputes among pro-British and nationalist unions. Splitting from ITUC, Congress of Irish Unions (CIU) was founded in 1945. While the militancy among unions continued, Government introduced Trade Union Act in 1941. The purpose was to eliminate union multiplicity by giving the representation right to only the largest union where a majority of workers are represented in a particular



sector. Due to the unity-favoured policy, CIU and ITUC merged and formed Irish Congress of Trade Unions (ICTU) in 1959.

The initiatives for the creation of a Labour Department to regulate wages in 1942 and the legislation of a so called Industrial Prices and Efficiency Bill which sought to introduce further state intervention to promote efficiency and worker participation in management failed due to lack of political support. The interests of labour and management were conflicting. While employers tried to increase their influence over economic policy, trade unions wanted price control and re-examination of incomes towards the people at the lower end of the income spectrum.

During this period the historical rivalry between management and labour continued. There is no consensus of the values and expectations between labour and management. However, the creation of national structures which later triggered centralisation of social dialogue is seen as the legacy of this period (E. O'Connor, 2002, p. 162). Additionally, actors of industrial relations have learned from the experience of this period. For instance, while government gave up trying to impose extensive reform on industrial relations, trade unions began to adjust their attitudes and tried to build cooperative relations with the government.

### **3.4.3 Towards Social Partnership: 1958-1987**

Economic factors of 1950s (stagnated economy, rising unemployment and emigration) and the return of the Fianna Fáil Government in 1957 had an impact on the revival of corporatist thinking in Ireland. In 1961 Ireland experienced a 'historical U-turn' by transforming its highly protected economy to an open, free-trade economy and applying for European Economic Community Membership. To this end, Programmes for Economic Expansion was introduced between 1958 and 1969. Within the economic programme, bipartite (i.e. Employer Labour Conference) and tripartite consultative bodies were created (i.e. National Industrial Economic Council). The stakeholders were consulted on the future reforms on pay determination and industrial relations. Representatives of labour and management were appointed to many of public bodies established during those years. The National Industrial Economic Council was created in 1963. The national pay determination was tried to be set in 1960s and this approach became dominant in the 1970s (Rory O'Donnell & Thomas, 2007, p. 110). Yet, in the 1960s apart from consultation the active participation of social partners in policy formulation and implementation remained limited and weak. Government held trade unions responsible referring to the lack of cohesion and authority among the trade union movement. (E. O'Connor, 2002).

In 1969 authority of the ICTU was challenged after a severe dispute, which followed a reform of the Congress. From 1970 Congress dropped its

uncompromising attitude and agreed to sign National Wage Agreements (NWA) with labour in return of some concessions from the Government. While the first five agreements remained bipartite, the agreements of 1977 and 1978 were tripartite. In addition to the NWAs, the Fianna Fail Government introduced National Understandings for Social and Economic Development. While social partnership was supported by the Government, in these understandings, the Government announced its direct participation in wage determination. However, the talks of third National Understanding stalemated in 1981 due to the downturn of macro-economic conditions in Ireland. Since the government choose not to intervene, tripartism collapsed in 1981 until 1987.

One of the main successes of this period was marked by the creation of the National Economic and Social Council (NESC), which succeeded the National Industrial and Economic Council. Upon creation, NESC became an important body undertaking strategic, long time analysis of Ireland's positions and problems and serve as a main forum for social partnership. Council consists of senior civil servants, government nominees and the representatives of trade unions, employers, farmers' organisations and by 1997 community and voluntary pillar. The function of the NESC is to analyse and report economic and social policy. Drawing upon its analysis, NESC shapes the framework of social partner agreements.<sup>45</sup>

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<sup>45</sup> For more information see (NESC) [www.nesc.ie](http://www.nesc.ie)

### **3.5 Era of Tripartite Social Partners Agreements: 1987**

#### **Onwards**

Grim economic situation of 1980s and enormous growth of unemployment are seen as the most significant catalyser of social partnership agreements. Economic downturn, rising unemployment, failure to achieve public finances by the government were seriously taking effect in the 1980s.<sup>46</sup> Although economic openness attracted foreign direct investment and increased Ireland productive structure, it did not automatically lead to economic prosperity nor placed Ireland immediately on average EU living standards. In 1973, when Ireland joined EEC, GNP per capita in Ireland was 60.3% of the EEC average while in 1986 it increased only in 65.3% (S. O'Connor, 2003). Indeed, from 1980 to 1987 Ireland experienced one of its most severe prolonged recessions. Unemployment increased from 7.1% in 1979 to 18% in 1987 while the total employment declined by almost 6 per cent (Rory O'Donnell & O'Reardon, 1996, p. 33). Macroeconomic adjustment due to the adherence to the ERM also affected the Irish economy. In 1987 the debt was 125% of GNP and the current account deficit was almost 8% by 1986 (NESC, 1996). Between 1982 to 1986 with an inflation rate around 8.7%, employment growth was -1.3% while unemployment was 15% (Rory O'Donnell & O'Reardon, 2000, p. 240).

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<sup>46</sup> The government responded the 1973-1974 global recession by borrowing on foreign capital markets. Increasing debt ratio was made the second oil shock felt more severe in Ireland. 1979 oil shock and following world recession in the early 1980s made Irish economy more vulnerable. For detailed information see (Boucher & Collins, 2003)

In response to the economic crisis in the mid-1980s, newly elected Fianna Fail government called for a ‘national consensus’ around a programme of economic stabilization (Teague & Donaghey, 2009, p. 62). As a part of this strategy the government fulfilled its brokering role and the first tripartite agreement, Programme for National Recovery (PNR), was signed among trade unions, employers and the government in 1987. PNR has been followed by six successive social partnership agreements up to now. Each of these agreements is built upon a specific NESC report, which draws the general picture of Irish economy and sets the goals for the upcoming term.

**Table 2: NESC Strategy Reports and Their Corresponding Social Partnership Agreements**

<b>NESC Strategy Reports</b>	<b>Social Partnership Agreements</b>
<ul style="list-style-type: none"> <li>• A Strategy for Development (1986)</li> <li>• A Strategy for the Nineties: Economic Stability and Structural Change (1990)</li> <li>• A Strategy for Competitiveness, Growth and Employment (1993)</li> <li>• Strategy into the 21<sup>st</sup> Century (1996)</li> <li>• Opportunities, Challenges and Capacities for Choice (1999)</li> <li>• An Investment in Quality: Services, Inclusion and Enterprise (2003)</li> <li>• NESC Strategy 2006: People, Productivity and Purpose (2005)</li> </ul>	<ul style="list-style-type: none"> <li>• Programme for National Recovery (1987-1990)</li> <li>• Programme for Economic and Social Progress (1991-1993)</li> <li>• Programme for Competitiveness and Work (1994-1996)</li> <li>• Partnership 2000 for Inclusion, Employment and Competitiveness (1997-2000)</li> <li>• Programme for Prosperity and Fairness (2001-2003)</li> <li>• Sustaining Progress (2003-2005)</li> <li>• Towards 2016 (2005-2015)</li> </ul>

The content of social partnership agreements is wide ranging. They encompass not only wage determination but also issues related to economic, social, labour and regional policy. Along with Austria and Italy, Ireland remains within the

group of European states where employment and social policy concertation is wider in scope (Compston, 2002).

Still, wage determination constitutes an important aspect of the partnership agreements. When the agreements are analysed it is seen that there is a continuous increase in real wages during the successive social partnership agreements. However, the rate of productivity increase far more than wage increases. Thus, this system of concerted action is viewed as beneficial and advantageous to the economic interests. In this way, social partnership has contributed to the economic success and advanced the competitiveness of the Irish economy (Teague & Donaghey, 2009, p. 63).

Contrary to the preceding social partner agreements prior to the *Towards 2016*, the pay bargaining collapsed in 2009. If it is explained briefly; in 2008 the transitional agreement<sup>47</sup> was set by the social partners to review and set new pay moderation targets in the context of changed economic circumstances. However, severe deterioration of economic and employment situation in 2009 required amendments of the agreed pay terms of the Transitional Agreement while the ‘ripple effect from the international financial credit crunch’ resulted the widening of the economic downturn and rapid growth in unemployment (Dobbins, 2010).

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<sup>47</sup> According to the *Towards 2016 Agreement*, pay increase of 6% (6.5% for lower-paid workers) over 21 months, with an initial pay pause of three months in the private sector and 11 months in the public sector was agreed (Carley, 2010).

Attempts for amending the pay term settings failed subsequently. Construction Industry Federation (CIF) rejected the terms of Transitional Agreement and IBEC break the bargain. The national wage deal has been rejected for the first time since 1987 (Dobbins, 2010). Consequently, while agreement's pay terms were applied to only a narrow per cent of employers, most of them faced with froze pay and cut wages. Thus concerns on the collapse of national level bargaining which might 'herald a return to company level bargaining' was raised by the European Foundation for the Improvement of Living and Working Conditions in its 2010 report (Carley, 2010, p. 12). On the other hand, government and the partners declared that they still support the partnership system. As Sheehan (2010) argues, pay bargaining is regarded as the 'glue' of partnership agreements. Although non-pay issues exist in partnership process, it remains to be seen how the process will respond the expectations without the pay agreements. It is clear that severe economic crisis challenges the continuity of the partnership agreements but it is too early and the evidence is not sufficient to herald the dead of partnership in Ireland.

### **3.6 Social Partnership: Actors and Institutions**

The national peak employer associations are: Irish Business and Employers' Confederation (IBEC), Small Firms Association (SFA), The Chamber of Commerce in Ireland (CCI), the American Chamber of Commerce and the Irish Small and Medium Enterprises Association (ISME). The largest representative body is IBEC in the social partnership process on a broad agenda including

employment policy, social and educational policy. While IBEC and SFA directly engage in collective bargaining, ISME, CCI and the American Chamber of Commerce do not (Dobbins, 2010). For the sectoral level, The Construction Industry Federation (CIF) and Irish Tourist Industry Association (ITIA) attain social partnership. All participants can be found in the table below:

**Table 3: Participants in Irish Policy Concertation**

Source: R. O'Donnell and D. Thomas (2002, p. 168)

<b>Type</b>	<b>Organisation</b>
<b>Government</b>	Fianna Fáil minority government (1987-1990) Fianna Fáil-Progressive Democrat coalition government (1991-1993) Fianna Fáil- Labour coalition government (1994-1996) Fine Gael, Labour Party, Democratic Left Coalition (1997-2000)
<b>Farming Organisations</b>	IFA: Irish Farming Association ICOS: Irish Co-operative Society Macra ne Feirme ICMSA <sup>48</sup> : Irish Creamery and Milk Suppliers Association
<b>Trade Unions</b>	ICTU: Irish Congress of Trade Unions
<b>Employer and Business Organisations</b>	IBEC <sup>49</sup> : Irish Business and Employers Confederation CIF: Construction Industry Federation ITIC: Irish Tourist Industry Association SFA: Small Firms Association
<b>The Social Pillar: Community and Voluntary Organisations<sup>50</sup></b>	INO: Irish National Organisation for the Unemployed NWCI: National Women's Council of Ireland NYCI: National Youth Council of Ireland CORI: Committee of Religious Superiors Centres for the Unemployed Society of St. Vincent Paul Protestant Aid Community Platform

<sup>48</sup> By 1991 (PESP)

<sup>49</sup> IBEC was formed in 1993 by merger of Federation of Irish Employers (FIE) and Confederation of Irish Industry. By 1993 these two organizations attended social partnership agreements.

<sup>50</sup> By 1997 Partnership 2000 Agreement



Trade Unions are represented by ICTU. Social partnership has been perceived as an opportunity to have political influence along with employer associations. In return of a guarantee the continuity of social welfare payments and tax reforms, ICTU agreed to support moderate wage increase and correction of the public finances (Rory O'Donnell & O'Reardon, 2000). On the other hand, social partnership is not supported by British based and many Irish sectoral trade unions. They argue that partnership limits unions' right in free collective bargaining.

While agricultural interests are represented by farming organisations mentioned in the table, their role is limited in comparison to the unions' and employers'. Finally, the community and the voluntary sector have been experiencing the privileges of being an official social partner, eligible to attend social partnership agreements. The names are referred in the table above.

Modernisation of the Irish economy requires modernisation of the institutions. To this end, in 1963 the National Industrial Economic Council was created. In 1973, the National Industrial Economic Council transformed into the National Economic and Social Council (NESC), which has been one of the key institutions of social partnership. Representatives of employers' associations, trade unions, farmer organisations and senior civil servants are gathered within the body of NESC. The main function of the Council is to analyse and report to the Taoiseach

(Prime Minister) on strategic issues relating to the ‘efficient development of the economy and the achievement of social justice and the development of a strategic framework for the conduct of relations and the negotiation of agreements between the Government and the social partners’ (Government, 2006a).

Under the terms of the first social partner agreement (Programme for National Recovery), a tripartite Central Review Committee (CRC) was established to monitor implementation of national agreements. It is argued that the role of CRC was crucial for the well-functioning of the partnership process since CRC was ‘responsible for ensuring whether the commitments are met in accordance with the agreement’ (R. O'Donnell & Thomas, 2002, p. 170). CRC has been replaced by the Partnership 2000 monitoring committee. The latter committee is represented by all pillars of social partners including the community and the voluntary pillar. However, it is criticised for being ‘unwieldy’ and found less effective than the original CRC (R. O'Donnell & Thomas, 2002).

In addition to NESC, government established a new partnership institution: National Economic and Social Forum (NESF) in 1993. NESF provides advice to the government on economic and social policies especially on social inclusion and long term unemployment. It seeks ways to improve policy implementation. In comparison to NESC, membership in NESF is more diverse. In addition to the

traditional social partners<sup>51</sup>, NESF includes members from Oireachtas (national parliament). It should also be noted the representatives of voluntary and community sector had been included in NESF even before they acquired official social partner status in 1997 (NESF).

To monitor, promote and facilitate partnership at enterprise level government established the National Centre for Partnership (NCP) in 1997. Following a review in 2000, NCP was replaced by the National Centre for Partnership and Performance (NCP) in 2001 (Rory O'Donnell & Thomas, 2007). NCP is responsible to promote workplace change and innovation through partnership. It also monitors the implementation of National Workplace Strategy.

In 2006 National Economic and Social Development Office (NESDO) was established to provide a shared administration for the partnership bodies.<sup>52</sup> NESDO, NESF and NCP became its constituent bodies (Government, 2006a). By this act government aimed to promote collaboration of the partnership bodies. It seems this step towards to be more coherent was not found adequate by the government officials. To streamline the policy advice within NESDO, Government decided to dissolve NESF and NCP as of 1<sup>st</sup> April 2010. The staff was transferred to NESDO.

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<sup>51</sup> Trade unions, IBEC, the farming organizations, senior government and local authority officials

<sup>52</sup> For more information see (NESDO) [www.nesdo.ie](http://www.nesdo.ie)

### ***3.7 European Effect on Irish Social Partnership***

It is often stated in the academic circles that several aspects of EU policy have profoundly affected Irish policy and the evolution of its employment and welfare regime. It should also be borne in mind that these effects are not limited within OMC based strategy of EES. Instead, diverse EU tools such as the Structural Funds, elements of Common Agricultural Policy, the EMS and the transition to EMU have all imprinted visible effects on Irish policy and social partnership.

These EU effects on Irish social partnership can be identified and explained briefly as such: First, the Structural Funds had a significant impact not only on further public investment in education, training, social inclusion and infrastructure but also in ‘promoting a multi-annual programming approach, regional and social partnership and greater use of monitoring and evaluation’ (Rory O'Donnell & Moss, 2003, pp. 25-26). Second, Common Agricultural Policy had a role in transforming rural sector. Thus sector specific social partners gained influence. Third, membership of EMS and subsequently EMU reinforced the commitments of Irish social partners in wage discipline. It is clear that separating the effects of OMC/EES on Irish social partnership from the other EU effects is difficult, since these elements are not mutually exclusive. Therefore, as it is stated in the literature the assessing and measuring impact of the EES is by no means easy (Rubery, 2002). However, within the scope of this thesis, the focus will be on the effects of EES on social partnership.

In order to assess the impact of EES on Irish social partnership, policy change will be classified in two levels.<sup>53</sup> The first level change includes the Europeanization of discourse used by policy actors, locating the policy assessments in a comparative manner towards other EU member states, widening of the national agenda to meet EES requirements. The second level change analyses the role of social partner involvement in formulation and implementation of labour market policies. As Hall (1993, p. 287) argues, disaggregating the policy change process into subcategories (i.e. first and second level change) according to ‘the magnitude of changes involved’ led the researcher be able to discern more variation.

### **3.7.1 First Level Change**

When the discourse used by social partners is analysed it is clear that it is parallel with the EES Guidelines. Yet, the focus on social partnership was not initiated by either EES or the Lisbon Agenda. Even a decade before the inauguration EES all parties declared their support for partnership. Social partnership was perceived as a way for combating economic, social and political crisis of the 1980s (Government, 1987). This support continues in the subsequent partnership agreements. For instance, pivotal role of social partnership as the core mechanism that will deliver real gains for the Irish economy and society is reaffirmed in the National Workplace Strategy and the Partnership Agreement Towards 2016

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<sup>53</sup> This classification is based on Tsarouhas’ modification of policy change classification used by Hall (1993). See (Tsarouhas, 2008b).

(NCP, 2007-2010). From the employers' side, social partnership has been viewed as a 'major contributor' to Irish commercial certainty and stability and a 'key driver' of policy development in Ireland (IBEC). These perceptions are also reflected in the discourse of ICTU and the partners from other pillars.

At this point, it is necessary to highlight the fact that partners evaluate social partnership as an 'Irish solution' to the economic problem by focusing on the 'problem solving character' of partnership process (NESC, 2005), rather than the solution initiated by European institutions. But the EES complements the discourse of the partners since national level partnership is also welcomed and encouraged by the Commission. Therefore, one cannot claim an overall change in the partners' discourse. Since the change is viewed as a product of 'policy misfit' (Börzel, 1999) or 'policy mismatch' (Adrienne Héritier, 1996). While there is not any policy misfit or mismatch between Ireland and EU institutions, one cannot declare a change in terms of the initial role that social partners acquired.

Yet, in the course of time objectives of the EES Guidelines have been reflected by the social partners. As it has been stated in the 2001 NAP: "the early social partner agreements concentrated mainly concentrated on pay but have been broadened in scope to embrace wider economic and social issues" (Government, 2001a). Thus, the initial focus on pay bargaining and greater competitiveness have gradually expanded to cover 'new themes' (Pochet & Fajertag, 2000, p. 26)

such as quality of life and work, social inclusion and equality, lifelong learning, the information society and childcare (Government, 2002). Therefore, it can be said that EES has a contributing impact on the discourse of social partners since there is an expansion of areas covered in the partners' discourse in line with the EES, especially with the Lisbon Agenda. In the National Employment Action Plan of 2006 it is explicitly stated that:

The goals of the Lisbon Agenda are closely mirrored by the aims and objectives of the social partnership process in Ireland, not least in terms of economic growth and job creation. Consequently, the key elements of the new partnership agreement (Towards 2016), across full policy spectrum, represent very significant and meaningful process aligned with, and contributing to, achievement of the Lisbon goals (Government, 2006b, p. 4)

Furthermore, parallel with the Commission's efforts to attribute a great importance to social policy as well as economic policies, the declaration of equal importance of economic and social development in the social partnership agreement (Towards 2016) is regarded as an important feature of the Agreement by the ICTU (Begg, 2008). Besides trade unions', all other official social partners' discourse reflects the Lisbon agenda. For instance, IBEC reports that after the introduction of Lisbon Agenda, lifelong learning has become a concern of IBEC with increasing importance and relevance (Government, 2002). IBEC also assesses EES as a tool to assure that these issues (lifelong learning, childcare facilities) remain in priority.

Finally EES impact can be detected when the discourse of social partners are analysed in terms of their involvement in cross-country comparisons. It is evident that partners use comparisons to support their arguments in social partners' comments attached to the National Employment Action Reports. For example, Ireland's record in education compared to the other European states has been used to show the need of more training facilities to improve job quality by IBEC (Government, 2002). ICTU on the other hand, prepares specific reports on child care provision that involve cross-country comparisons in order to analyse the government action in this area which is criticised to be slow and limited to supply side arrangements (Government, 2006b).

### **3.7.2 Second Level Change**

In the Irish case, it is easier to detect second level change since there are some profound effects of EES in the social partnership process at national level. In 1990s Ireland witnessed a deepening and widening of the decision making process through number of initiatives (Broaderick, 2002). The partnership platforms were also proliferated at both local and national level. While the Local Development Programme, Leader Companies, Strategic Policy Committees Country Development Boards and Local Agenda represent the local level platforms, the National Economic and Social Forum (NESF), the National Economic and Social Council (NESC), the National Sustainable Development Partnership (Comhar) and the National Partnership Agreements constitute



national level partnership platforms. These institutions facilitate social partnership involvement in policy making at different levels.

In terms of a change in policy making, the inclusion of Community and Voluntary Sector as a social partner and their involvement in NAPs can be seen as the major achievement for the further improvement of partnership. Involvement of social partners in drafting and implementing the NAPs is in a high level. In 1998, the consulting process is criticised by the social partners since the time allocated for the partners to draw up their comments was found limited. When the NAP process is examined, it seems that this procedure has matured in time. IBEC confirms that the level of consultation in drafting NAPs has improved over time and the NAP process is found successful for application of relevant EU Guidelines at national level, for instance the guidelines related to long-term unemployment (Dobbins, 2003). In the latest social partnership agreement, Towards 2016, also states that: “Our (*Irish*) Social Partnership process represents an important element of the overall approach to achieving the Lisbon goals and will contribute through the NRP and the associated progress reporting arrangements” (Government, 2005b, p. 35).

Acknowledging the fact that NAPs/NRPs are provided with reference to the specific social partnership agreements within the lifetime of that agreement, there has been a significant overlap between the NAPs and the partner agreements. For

instance, the programme for Prosperity and Fairness (PPF) has been built upon five frameworks namely, (1) living standards and workplace environment, (2) prosperity and economic inclusion, (3) social inclusion and equality, (4) successful adaptation for economic change, (5) renewing partnership. All of the four pillars of EES are reflected in the PPF (Government, 2001a). Thus, it can be said that there is a great convergence between EES objectives and the content of the social partnership agreements.

From the analysis of the Irish social partnership agreements over time, it can be deduced that the scope of social partnership agreements has been broadened which also encapsulate the EES objectives. Following this logic it can be concluded that involvement of social partners has been extended to the EES concerns, Lisbon targets in particular. Furthermore, as a response to the EES guideline<sup>54</sup> that stresses more competitiveness and better regulation, government declared its commitment to ‘consult more widely and systematically with stakeholders before introducing legislation’ and recognise the need for ‘greater consistency in the approach to consultation’ by 2004 White Paper (Government, 2005a, p. 27). In this document transparency is measured whether the government have consulted with stakeholders prior to regulating and whether the regulations in this area are clear and accessible to all (Government, 2004). In accordance to this commitment a ‘Better Regulation Group’ was established in 2005 and

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<sup>54</sup> Guideline 14 of the Broad Economic Policy Guidelines for Ireland 2002: Create a more competitive business environment and encourage private initiative through better regulation

Regulatory Impact Analysis was introduced to enable more organised analyses and enhance social partnership.

### **3.8 *Limits of EES***

The limits of EES on Irish social partnership can be listed under four main concerns that will be explained in detailed below. Initially, consensus on social partnership had aroused a decade before EES was introduced. Thus, EES played no role in building the consensus among Irish partners. The second concern is about sanction-free character of EES. Since the Irish social partner agreements are not legally binding unless enacted by the government, EES can be criticised due to the fact that it is lack of necessary means to ensure the effective implementation of national social partnership agreements. The third criticism comes from the community and voluntary pillar and argues that NAPs are ineffective to produce major improvement of already existing social partnership agreements. Final limitation of EES is about the causality problem. The significant European character is evident in the social partner's attitudes towards policy concertation whilst to what extent it is derived from EES is questionable. It seems the relationship between EES and Irish social partnership is not one sided they both feed each other indeed.

The first limitation highlights the fact that social partnership has not been initiated by EES in Ireland. Rather, Ireland decided to tackle high levels of unemployment and economic downturn by social partnership a decade before the introduction of EES. Thus, EES did not provide a new solution of a common problem for Ireland. As it is stated by all the partnership agreements and various government documents including NAPs, stakeholders and government strongly support social partnership (Government, 1987, 1991, 1994, 1997, 2001b, 2003, 2005b). Furthermore, when the social partnership agreements and several partnership institutions' reports (i.e. NESC and NESF reports) are analysed, it is clear that the success of social partnership does not attributed to the introduction of EES. Generally, Irish experience of social partnership is seen unique to Ireland with its problem solving capacity and ability to gather social partners to a common position (NESC, 2005). There is no reference to EES in achieving social partnership agreements.

Therefore, it is clear that in Ireland EES facilitates pre-existing patterns and institutions of social partnership rather than initiating. The discourse used by the social partners is in line with EES requirements. Even in 1987, competitiveness is seen as the key object. Thus, Lisbon Agenda complements the stakeholders' own agenda in Ireland in terms of achieving greater competitiveness. At this point, it should also be noted that rather than the inauguration of EES, the Lisbon Strategy is more explicitly referred in the social partners' discourse.

Second limitation is about the soft law character of the EES. Like EES Irish social partnership agreements are regarded as soft law application. The terms of these agreements are not legally binding unless they have been enacted by the parliament. Thus the decision whether to implement the terms of social partner agreements or treat the agreements merely as advisory documents belongs to the government. For instance government was criticised to be “outside the parameters of social partnership” when the government made changes to the partnership terms in taxation policy and social spending reforms (Boucher & Collins, 2003). At this point EES is not in a position to correct these kinds of applications since EES itself is a sanction-free strategy.

Third, as it is stated in all NAPs to date, NAPs are drawn upon the social partnership agreements. Although this fact demonstrates the importance of social partnership in the national context, NAPs are criticised to be repetition of already existing policies. This point is emphasized especially by the community and voluntary pillar. The comment of community and voluntary pillar to the draft National Employment Plan of 2006 states that:

In general while the Draft Plan does offer some positive proposals and covers a broad spectrum of issues, it is weak in many areas. It is disappointing to see that it is largely reporting and commenting on current activities and provides little in the way of new policy directions or targets that would increase the effectiveness of the implementation of the plan (Government, 2006b)

Therefore, NAPs can be criticised due to their limited capability to lead major improvement of already existing policies.

Fourth limitation arises from social research concerns and focuses on building the causality between the EES goals and its implementation in the national context. Gradually partnership has been widened and deepened in Ireland. Apart from the traditional partners, recognition of community and voluntary sector in 1997 and environmental sector in 2009 as the official partners is regarded positively for the improvement of social partnership. These developments are in line with the Commission's calls for widening social partnership but drawing the exact causality is difficult. It can be said that there is a certain European effect on the development of social partnership in national level in Ireland since the objectives and expectations of EES and Ireland are similar but defining which one influences and the which one is influenced is no means easy. One possible explanation can be that since EES mainly depends on exchange of good practices while Ireland has learnt from its European counterparts, it has also contributed to the good practices by its model. Irish social partnership has been approved and marked as good practice in a number of the European Employment Guidelines by the Commission.

### **3.9 Conclusion**

Since 1987 national system of social Partnership has constituted the key aspect of Irish Industrial Relations. Prior to 1987, there were several attempts for establishing tripartite institutions namely, the leading trade union and employer bodies and the government to regulate wage growth however, they could not be sustained. The failure of these attempts is generally attributed to the lack of institutional arrangements which support corporatist wage determination such as well organised, institutionalised and wide ranged trade union and employer organisations or a social-democratic, ‘labour friendly’ government (Teague & Donaghey, 2009, p. 55).

Deep economic, political and social crisis of 1980s, and the creation of shared understanding to combat economic downturn through social partnership reinforced the success of Irish social partnership. Continuation of norms and values can also be regarded as a necessary but not a sufficient variable. For instance, Catholic values of social solidarity and trade union principle of class solidarity have been valid through the 20<sup>th</sup> century despite the social partnership (R. O'Donnell & Thomas, 2002, p. 184). Although these values are important, they are not able to construct social partnership on their own. At this point creation and maintenance of necessary institutions play important role in explaining the success of social partnership in Ireland.

In Irish case, when the NAPs and Social Partner Agreements are analysed it is obvious that the discourse used in these documents and the framework of social and employment policies are in line with EES and Lisbon Strategy via OMC. The stress on achieving Lisbon goals through social partnership has been asserted in almost all of the partnership agreements. Since 1987 Irish social partnership continuously developed and gained additional momentum with the inclusion of community and voluntary sector into social partners in 1997 and environment sector bodies in 2009. This involvement can be seen as an indicator of a second level change. Social partners that are eligible to involve in national policy making through social partnership agreements are enlarged with the inclusion of the social pillar. EU recommendations that seek further improvement of stakeholders, widening and deepening of social partnership are welcomed by the Government and the social partners. EES and Irish policy making through social partnership are closely linked. However, attributing the exact causality and to differentiate which one 'influences' and 'is influenced' is extremely difficult.



## **4. COMPARISON AND EVALUATION**

### ***4.1 Introduction***

As it can also be deduced from the name, this chapter has two main parts. In the first part, empirical findings of Greece and Ireland will be compared with regard to social partnership. This comparison will be held in four stages. Following the design structured on the case study chapters, first the welfare characteristics of Greece and Ireland will be compared. Second, social partnership actors and institutions will be compared briefly. Third, the evolution process of social partnership in Greece and Ireland will be explained. Fourth the impact of EES on these selected countries is compared at two levels. Finally, in the second part of the chapter, findings are evaluated with reference to the debate on the effectiveness of OMC in the literature.

### ***4.2 Mixed Welfare States: Ireland and Greece***

In this section, the general welfare state characteristics of Ireland and Greece in relation with social partnership are compared briefly. Such comparison reveals the basic distinctive characteristics of these selected cases and leads a better understanding of the cultural norms behind the institutional structures. Thus,

contributes to the overall analysis within the framework of historical institutionalist perspective to explain the relationship between the EES and social partnership involvement in policy formulation and implementation in these selected countries. Rather than repeating the explanation of each representative regime types that are given in the previous chapters (i.e. Southern European and Liberal Welfare Systems), a focus is be on the mixed characteristics that both Ireland and Greece contains and the commonalities with Conservative types.

In the welfare state literature, Ireland is generally grouped together with Britain and classified within the Liberal Welfare Regime (Ginsburg, 2001) whilst Greece represents the Southern European Model (Ferrera, 1996; Guillén & Alvarez, 2001). However, there is a debate that highlights the mixed characteristics of both countries. Both Greece and Ireland share some commonalities with the countries classified in the Conservative/Bismarkian model of welfare state mainly represented by France and Germany.

In the original welfare regime classifications there was not a Southern European cluster. There has been a tendency to subsume Greece along with Spain, Portugal and Italy in the Conservative systems of welfare and treat them as under-developed variants of this group (Katrougalos, 1996).<sup>55</sup> More recently in depth

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<sup>55</sup> Although Esping Andersen (1990) does not explicitly place Greece in the conservative system, there is not any specific welfare regime type for the southern European countries as well.

analysis focusing on the particular characteristics of Southern European states in the welfare regime typologies have been conducted more. There is a growing acceptance that southern European states contain distinctive characteristics enough to be classified either in a distinct welfare regime type (Ferrera, 1996) or to be categorized in a separate welfare state family at least (Guillén & Alvarez, 2001). Presence of extensive clientelism, 'patronage machines', weak institutions, strong state intervention (prominence of parties) and universal health care provisions are the most distinctive characteristics of southern European countries that separate them from the Conservative system (Rhodes, 1997). Along with their differences, southern European welfare states still share some of the commonalities with the Conservative regime type. The most prominent similarities between these two types can be summarised as the strong presence of the male breadwinner, occupational social security benefits and corporatist income maintenance system.

On the other hand, Ireland's shared feature with the Conservative system is different than Greece. Contrary to UK, as a liberal welfare state Ireland has been able to modify its industrial relations system and adopt successful social partnership process. Since 1987 social partners have signed successive tri-partite social partnership agreements. The notion of bi-partite, tri-partite arrangements has been evaluated as 'corporatist' in essence that belongs to the Conservative and Social-Democratic welfare regimes in the literature. To put it differently, Ireland has been able to embody a certain level of European corporatist elements

within its liberal legacy. Ireland also maintains some common traits of Southern European welfare system. For instance, historical level of economic development, the role of religious (Catholicism) and third sector organisations in service provision are common (Ginsburg, 2001). Nevertheless, political clientelism and low levels of policy concertation do not characterise Irish welfare system unlike Southern European States.

To conclude, when the general welfare regime characteristics are compared it is observed that both Ireland and Greece have common features with their Conservative/Bismarkian counterparts. However these features are strikingly different. As it is stated above one of the main characteristics of southern European states that differs them from the other welfare typologies is the presence of excessive clientelism, state paternalism and institutional weakness. Following to the institutionalists' logic, these cultural and institutional features are also seen as one of the main reasons of failure in social dialogue experience in Greece (Featherstone, 2003; Lavdas, 2005; OKE, 2002). On the other hand, what makes Ireland different from the other states in the Liberal camp is its social concertation practice. Social partners and the successive governments have been strongly committed to social partnership for the last three decades in Ireland. Not only in discourse but also in practice there is a consensus that social partnership is useful to economy and society. As it is stated by the Taoiseach in the last social partnership agreement:

Social partnership has helped to maintain a strategic focus on key national priorities, and has created and sustained the conditions for remarkable employment growth, fiscal stability, restructuring of the economy to respond the new challenges and opportunities, a dramatic improvement in living standards, through both lower taxation and lower inflation and a culture of dialogue, which has served the social partners, but more importantly the people of this country very well. (Government, 2005b)

At this point it should be clarified that social partnership has been conducted successfully over past two decades in Ireland however, policy concertation through social pacts did not exist in the original Irish welfare state until the late 1980s. Thus, similar to Greece, Ireland has not got a corporatist tradition stems from the creation of its welfare system. Rather, as it has explained in Chapter 3, through successful reforms partner organisations strengthened and they were able to achieve a consensus on the necessity to produce common solutions to tackle economic and social problems in Ireland. Efforts flourished and social partnership agreements have been embedded successfully in Irish industrial relations.

### ***4.3 Actors and Institutions***

In this section main actors and partnership bodies of Greece and Ireland are compared. After, the differences on legal jurisdiction in terms of social

partnership are mentioned. As a reminder, the main social partners on both union and employer side in Greece and Ireland can be seen in the table below.<sup>56</sup>

**Table 4: Main Trade Union and Employer Representatives in Greece and Ireland**

	<b>GREECE</b>	<b>IRELAND</b>
<b>Trade Unions</b>	GSEE: General Confederation of Labour ADEDY: Confederation of Public Servants	ICTU: Irish Congress of Trade Unions
<b>Employer Organisations</b>	SEV: Hellenic Federation of Greek Enterprises ESEE: National Confederation of Hellenic Commerce  GSEVEE: Hellenic Confederation of Professionals, Craftsmen and Merchants	IBEC: Irish Business and Employers Confederation SFA: Small Firms Association CIF*: Construction Industry Federation <sup>57</sup>  ITIC*: Irish Tourist Industry Association

When the social partners and partnership bodies of Greece and Ireland are compared it is clear that social partner organisations in Ireland are well structured and powerful than their counterparts in Greece. Both employer organisations and peak trade union associations are able to affect policy formulation effectively in Ireland. This point has been emphasized in many government documents (Government, 1997, 2006a) as well as several NAPs (Government, 2001a, 2005a) participants have reached a consensus by which partnership has been regarded as an effective and deliberate ‘problem-solving mechanism’ (NESC, 2005). In

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<sup>56</sup> Partners from voluntary and community pillar are not included.

<sup>57</sup> \* Partners that do not participate national collective agreements

Ireland not only trade unions and employer organisations but also partners from voluntary sector and farmers' associations are able to actively participate policy formation and implementation as of 1997.

Furthermore, when the social dialogue bodies (i.e. NESC) are compared, Irish institutions are more structural, effective and experienced compared to Greek institutions (i.e. OMED and OKE). In Ireland, several partnership institutions are created who are responsible for the different aspects of dialogue. For example, NESC was established in 1973 to analyse and report to Prime Minister on strategic issues relating to “the efficient development of the economy and the achievement of social justice and the development of a strategic framework for the conduct of relations and negotiation of agreements between the government and the social partners” (NESC). Furthermore, another social partnership body NESF specialised especially on social exclusion and long term unemployment.<sup>58</sup> NCPP on the other hand focused on workplace change and innovation through partnership. Finally in 2006, National Economic and Social Development Office (NESDO) was created and all these institutions are merged under the roof of NESDO in order to be more coherent on partnership issues.<sup>59</sup> In addition to these bodies, following to the first partnership agreement, Central Review Committee (CRC) was established to monitor implementation of social partnership

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<sup>58</sup> NESF was established in 1993.

<sup>59</sup> In 2010 NESF and NCPP was dissolved, their staff was transferred to NESC.

agreements.<sup>60</sup> On the other hand, in Greece the main consultative body responsible for social dialogue is OKE. When the reports and the power of these institutions are compared it is evident that NESC has more expertise and influence over social partnership agreements.

Finally, it may enrich the general understanding of social partnership if the legal aspects of Greece and Ireland are compared in terms of partnership. In Ireland the legal framework for collective bargaining is regulated by various industrial relations acts. In Greece, these rights are protected by constitution. As it is indicated by EIRO studies (Schulten, 2005), free collective bargaining law was introduced in 1990 in Greece and as of 2005 ‘this legislation has remained unchanged’. By law, Greek social partners are given the right to bargain freely and social dialogue is recognised by state as a necessary mean to effective implementation of reforms. However, its implementation is problematic in Greece and has not result the intended objectives. On the contrary, in Ireland first bipartite wage arrangements have been conducted in 1970 between social partners and as of 1987 partners sign social partnership agreements successfully.

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<sup>60</sup> CRC was replaced by Partnership 2000 monitoring committee and represented by all pillars of social partners including the community and voluntary pillar.



#### ***4.4 Evolution of Social Partnership in Greece and Ireland: A Comparative Perspective***

As a point of clarification, before comparing the evolution of social partnership, it should be stressed that historically both Ireland and Greece do not contain a deeply rooted culture of policy concertation dates back to the creation of their socio-economic relations. Irish experience of social partnership embedded in its welfare system has only been conducted full-fledged since 1987. Although there have been attempts to create social dialogue in Greece, contrary to Ireland these attempts failed. As Tsarouhas states: “Social partnership has not yet been conducted in Greece. What occasionally happens is a series of parallel monologues addressed to the domestic audience and the Greek tax payer who loses” (Tsarouhas, 2010).

As it is explained in Chapter 3, Irish industrial relations have passed through four phases. The first phase covers the period between 1909 and 1932. British influence on industrial relations is visible. Unions were sectionized. In the second (1932-1958) and third periods labour and employer organisations experienced a series of failed attempts to reform industrial relations. Management and labour sustained their historical rivalry in terms of their values and expectations from a reform. Their interests were conflicting while employers tried to increase their influence over economic policy, trade unions wanted price control and re-examination of incomes of the most deprived. In these periods successive

governments tried to impose extensive top-down reforms. Pay determination through national agreements was tried to be set in 1960s and 1970s. However, apart from consultation the active participation of social partners in policy formulation and implementation remained very weak (Rory O'Donnell & Thomas, 2007). Trade unions were lack of cohesion and employers were resistant to agree. For the first time, National Wage Agreements were signed by ICTU and IBEC on a bipartite basis in 1970. In the last two agreements of this decade (1977 and 1978) government actively involved in the process and agreements became tripartite. However, partners failed to agree when government did not intervene to a disagreement between them. Despite these unsuccessful reform attempts the legacy of these periods is the creation of national structures that foster centralisation of social dialogue such as NESC (E. O'Connor, 2002). The first tripartite social partnership agreement of 1987 has marked the beginning of the last period. From 1987 onwards social partners has been able to achieve an agreement which sets the objectives of the employment and social policies. This system has been found as one of the key features behind the transformation of the Irish economy from the ill man of Europe to a 'Celtic Tiger'.

On the one hand, Greek industrial relations have pass through three stages. The first period covers the creation of interest representation to the end of the dictatorship period of 1967-1974. This period was marked by extensive state penetration and the exclusion of trade unions in industrial relations. Although regime change by the establishment of the Third Republic represents the opening

up the second period, in terms of industrial relations, partners had experienced more continuity with the elements that were dominant before 1967 rather than change in the direction. The peak representatives of management and labour, namely SEV and GSEE remained stick to their historical rivalry towards each other. Furthermore, during the first period of the PASOK government (1981-1985) there was a tension between government and employer associations especially with SEV because of the perceived identification of SEV with the authoritarian regime. In time, this confrontation was tuned down and employer started to build positive relations with state while keeping distance to daily politics. Unions, however, remain dependent on state and highly politicised. Individual clientelism has shifted in time to a collective level asserted through strong party-politics (L. Graziano, 1973). Similar to Ireland, Greek government also called for partnership to develop consensus and minimise costs for the necessary political and social reforms due to the transition to EMU. In the 1990s new bodies were created such as OMED and OKE to foster social dialogue. Although there has been a limited progress towards partnership, overall Greek partners followed their path dependent routes that impede effective partnership. Attempts to generate social dialogue have failed so far regardless of minor developments and social dialogue did not become a new feature of Greek welfare system unlike Ireland.

The historical evolution of social partnership and the efforts to create a consensus for dialogue to overcome socio-economic problems that are mainly attributed to

European integration and globalisation can be found in the case study chapters of Greece and Ireland in detail. There are some similarities between Greece and Ireland considering the failed attempts in the earlier periods in both countries. However, at the end, Ireland was successful in embracing social partnership into its system and Greece failed. Therefore, while EES depends on national structures, EES can facilitate social partnership in Ireland but failed to do so in Greece. At this point, questions can occur in minds such as why Ireland was able to embed social partnership into its industrial relations effectively and create a consensus among social partners towards increasing partnership while Greece could not? As a possible answer to a ‘why’ question within historical institutionalist framework can be twofold. First, unlike Greece, grim economic conditions of 1980s, rising unemployment, macroeconomic adjustment due to the adherence to the ERM and prolonged recession was able to create a critical juncture for Irish social partners. Thus, at this critical point partners revised their path and change occurred thus, partners preferred dropping their rivalry attitude towards each other. While employers finally agreed to partnership, trade unions had strengthened their structures in time. Second, it should also be noted that compared to Greece, Ireland has not suffered from domestic variables that impede change in Greece such as excessive reliance on state institutions. In addition to this, interest representation has been more institutionalised in Ireland. Irish social partners were ready to accept change and remain committed to the partnership since then. However, the historical institutional logic can still be criticised due to the fact that critical juncture explanation fails to answer why critical juncture occurred at that point of time and not before. Further questions

can be raised about the future of Greek social dialogue. Should we expect a critical juncture in Greece that will result a change in the perceptions of institutions or when and under which circumstances this change can occur if it is possible.

The recent global economic downturn and the financial crisis pose new challenges to social partnership in Greece and Ireland. Both countries have been bailed out by the European Commission, the ECB and the IMF. The situation in Greece is grim while the crisis left Greece ‘on the brink of bankruptcy’ (Lampousaki, 2010a). Since the financial assistance package to the two countries has been offered according to the principle of conditionality, the Greek government introduced several laws to reform the wage bargaining system that introduce important changes in collective bargaining (see chapter 2). According to the new law employers have gained the right to bypass sectoral agreements and conclude wage arrangements at enterprise level if they face ‘financial difficulties’ stemming from the crisis.

As Glasner and Keune (2010) argue one of the most important instruments for tackling an economic crisis is collective bargaining, and since the impact of the economic crisis is felt initially at company level, seeking solutions at enterprise level has often been necessary. However, considering the limited effectiveness of social dialogue in Greece, these laws for decentralised bargaining can pose

critical challenges for the social dialogue in the future which are difficult to reverse. Although the measures taken have been declared temporal by the government, “short term developments in the crisis period will affect collective bargaining in the longer term” (Glasner & Keune, 2010, p. 20). Similar to Greece, the impact of crisis on collective bargaining is also visible in Ireland. In 2009 the crisis led to a breakdown of the Irish social partnership agreement for the first time. IBEC abandoned the national pay agreement and proposed enterprise level arrangements. Therefore, contemporary developments in both countries are of great importance for the future of social dialogue in both countries.

#### **4.4.1 Impact of EES**

After comparing the main characteristics and the evolution of social partnership, in this section the impact of EES on the role of social partners is compared. In this thesis the impact of the EES is analysed at two levels. First level examines change in partners’ discourse. The main question at this level is whether EES is able to Europeanize partners’ discourse? In order to measure Europeanization a slightly modified categorization of Jacobsson (2004) has been used.<sup>61</sup> According to this categorization set of practices that indicate policy change as follow: (1) the changed use of language towards a Europeanized framework of action, (2) developing common statistical indicators and other scientific tools, (3) the strategic use of comparisons and evaluation with European counterparts, (4)

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<sup>61</sup> This categorization is derived from Tsarouhas (2008b).

knowledge diffusion and the broadening of the social partners' policy agenda (Tsarouhas, 2008b). While the discourse change is the subject of the first level, second level change analyses the change in the level of partners' participation in policy formulation and implementation.

#### **4.4.2 First Level Change in Greece and Ireland**

At first level, in Ireland, it cannot be claimed that EES introduce an overall change in partners' discourse. Because social partners themselves had reached a consensus to cooperate through partnership even before the inauguration of EES. Irish partners view social partnership as a unique Irish solution highlighting the problem solving character of the partnership agreements rather than linking social partnership with any kind of European influence. Pivotal role of social partnership as the core mechanism behind economic and social development has been declared by both sides of industrial relations. It is also reflected in partnership agreements (NCPP, 2007-2010).

However, EES effect on discourse is visible when the content of the partnership agreements are analysed. It is obvious that EES especially the Lisbon targets are reflected in the partnership agreements. European influence can also be traced in broadening and widening of partnership agenda. As it is stated in the 2001 NAP: "the early social partner agreements concentrated mainly concentrated on pay but

have been broadened in scope to embrace wider economic and social issues” (Government, 2001a). It is clear that the initial focus on pay bargaining and greater competitiveness have gradually expanded to cover ‘new themes’ (Pochet & Fajertag, 2000, p. 26) such as quality of life and work, social inclusion and equality, lifelong learning, the information society and childcare (Government, 2002). Therefore, it can be said that EES has a contributing impact on the discourse of social partners since there is an expansion of areas covered in the partners’ discourse in line with the EES, especially with the Lisbon Agenda. In addition to the inclusion of Lisbon language in partners’ discourse it is also evident that after EES, partners have more involved in cross country analysis which not only include European Union member states but also OECD countries. As an example, Ireland’s level of education is compared with other European states to show the need of more training facilities to improve job quality by IBEC (Government, 2002). ICTU, on the other hand, followed the same strategy on child care provision to criticise government policy (Government, 2006b). Overall, in the case of Ireland, it can be claimed that the European effect is evident in broadening and widening of the social partners’ agenda which also includes specific terminology used by Lisbon agenda.

For Greece, EES results a change in partners’ discourse to a limited extent. At this point, it is important to remind that throughout the thesis first level change is analysed in twofold. First, how social partners assess social partnership process and the impact of EES on this assessment are analysed. Second, how the



objectives of EES are reflected in partners' discourse is examined. Therefore, the first level impact of EES on Greece is complex compared to Ireland. While Greek partners refer Europeanization and European developments on social partnership more than Irish social partners, Irish partners more effectively embrace EES objectives, especially the Lisbon specific language into their discourse than Greeks.

Greek social partners refer European layer more implicitly when they are define the role of social dialogue/partnership than their Irish counterparts. For example, when the official website of SEV is examined European Social Dialogue referred as much as Greek social dialogue within the limited space reserved for 'social dialogue' headline (SEV). Furthermore, in the creation Economic and Social Council of Greece to be board for social dialogue, European Social and Economic Committee has been taken as a model (OKE). While in Ireland partners treat social partnership as a distinct, Irish solution without attributing any relationship to European developments, social dialogue in Greece, especially the non-institutional form is related with following the European path. Therefore, European layer is more visible in Greek social partners' discourse than their Irish counterparts on social partnership. However, this fact does not mean that EES has more impact on Greece than Ireland. Rather the effectiveness of this consensus is arguable. As Tsarouhas (2008b) states Lisbon language is used by both sides of industrial relations however, there is no consensus on the definitions. Therefore, it can be deduced that “ radically different meanings attributed to flexibility by

employers and unions, and the consequences of this divergence regarding social partnership remain unchanged” (Tsarouhas, 2008b, p. 355). This fact is also stressed by the Ministry of Labour and Social Affairs of Greece. In their report on Evaluation of the Labour Market Policies and the Assessment of EES influence (Metronanalysis, 2002), Ministry finds partners and the government being ‘hesitant’ to the social dialogue practices. The reason behind this fact is stated by the Ministry is having lack of social dialogue tradition.

When the partners’ discourse is examined to identify which stage of EES is more apparent in partners’ discourse it is clear that, similar to Ireland, the Lisbon targets have been reflected in partners’ discourse more than the inauguration of EES. It is stated that employment policies of Greece has been receptive of the EES influence mainly after 2000 while the employability pillar gains most of the attention. Gradually after 2000, social partners recognise the need for dialogue and refer European framework more in time.

#### **4.4.3 Second Level Change in Greece and Ireland**

In this section, change in social partners’ involvement in policy formulation and implementation after EES is compared in Ireland and Greece. While EES has a more impact in broadening and widening Irish partners’ roles, it failed to do so in Greece except a very limited extent.

At this level, the impact of EES can be traced from a number of developments in Ireland. Inclusion of Community and Voluntary sector as an official social partner and their involvement in NAP process can be seen as the major achievement for further improvement of social partnership in accordance with the Lisbon horizontal objective of ‘institutionalizing the deliberation of the social partners’ (EC, 2000) and improving good governance through social partners’ participation (CEC, 2001). When the participation of partners in NAP process is examined it is seen that this procedure has matured in time in Ireland. IBEC confirms that the level of consultation in drafting NAPs has improved over time and the NAP process is found successful for application of relevant EU Guidelines at national level, for instance the guidelines related to long-term unemployment (Dobbins, 2003). Furthermore, there has been a significant overlap between EES objectives asserted in Guidelines and the following social partnership agreement. As it has showed in Chapter 3, the scope of social partnership agreements has been broadened that also encapsulate the EES goals, Lisbon targets in particular. The evidence of EES impact can also be deduced from the establishments of ‘Better Regulation Group’ and ‘Regulatory Impact Analysis’ to achieve more competitiveness and better regulation through social partnership as a response of a specific EES Policy Guideline.<sup>62</sup>

On the Greek side, however, EES has failed to overcome the historical ideological legacies that impede reforms on dialogue. It has been stressed that the

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<sup>62</sup> To be specific, guideline number 14 of the Broad Economic Policy Guidelines for Ireland 2002.

scope of collective bargaining agreements in Greece remained poor compared to other states (OKE, 2002). Many of the labour market issues that are on the EES agenda (i.e. equal opportunities of men and women, gender pay gap, flexicurity, new work organisation, career breaks) have not brought on the bargaining table (Aranitou & Yannakourou, 2004; Kapsalis, 2010a). Additionally, OKE demonstrates that the provisions of the EGSEE are ratified 'belatedly' and 'selectively' (Yannakourou, 2003).

In terms of social partners' participation in NAP formulation Greek partners are far behind the level that Irish partners enjoy. In 2001 partners were for the first time invited for drafting NAP and Third Community Support. However, their role seemed to remain on paper. Their views were not taken into consideration in the final version. Partners were not included in the implementation process as well (Tsarouhas, 2008b). In effectiveness of social partnership process in Greece has been highlighted in various academic articles, Commission documents and OKE reports. The most striking assessment is seen in the recent OKE Opinion:

The EU priorities are closer to the people and the necessary responsibility is getting stronger for implementing the strategy for Europe 2020, when a continuous social dialogue exists and operates between all levels of government. Unfortunately in our country, that the proposed dialogue "lames" (ineffective) in many aspects and at all the levels and must be paid tremendous effort by all participants to have the desired result (OKE, 2010, p. 27).

Therefore, at the second level while Irish social partners has been able to enhance their participation in policy formulation and implementation in accordance with the EES objectives, Greek partners' participation remain mainly on paper. In the Greek context EES has been criticised since its 'indirect and inadequate' impact on Greek social partners were not sufficient to invigorate their roles (Tsarouhas, 2008b). While national institutional settings are more developed and there has been a consensus on the effectiveness of social partnership by all of the social partners in Ireland, domestic institutions are weak and cannot transform themselves to consolidate social partnership in Greece. As Lavdas (1997) defines, 'distorted and disjointed' Greek industrial relations continue to follow a path dependent route.

#### **4.5 Evaluation**

When overall change is assessed, EES has more impact on Ireland than Greece. Irish partners' discourse is more in line with EES objectives. As it is stated in the Irish National Reform Programme (Government, 2005a), Lisbon process has been found useful regarding its role in 'prioritisation and implementation of specific actions'. NRP also stresses the pivotal role of Lisbon process in addressing the challenges and opportunities associated with globalisation (CEC, 2008; Government, 2005a). At the second level, EES has profound impact on Ireland in widening and broadening of the partners' roles in policy formulation and implementation. While subsequent governments and all of the Irish partners

have remained committed to partnership process they are more open to widening of the process. To put it differently, EES complements reforms that are already on train in Ireland. On the other hand, in the case of Greece, especially at the second level, EES can be criticised to be ineffective for triggering change and overcome historical legacies that impede reforms. As it has discussed earlier there has been a limited progress in Greek case regarding the positive approach of the partners towards social partnership and the some institutional amendments. However, social partnership in Greece is still ineffective and immature (OKE, 2002, 2010). The limited impact of EES on the involvement of the stakeholders in policy formulation and implementation is also confirmed by the Commission in the first 5 years' assessment of EES (CEC, 2002).

At this point, the comparison of EES impact on Greece and Ireland contributes to existing debate of the effectiveness of OMC in policy transfer. Since the Lisbon Council of 2000, EES has been defined as the major example of OMC. Although the introduction of EES preceded the definition of OMC, it is argued that EES has already been an OMC process however by the Lisbon Council the process has been given a name, 'Open Method of Coordination'. The distinctive feature of OMC is its 'soft law' character unlike the traditional community method of legally binding regulatory approach (Goetschy, 2001). OMC is based on the process of voluntary coordination and adaptation of member states policies to stimulate learning from the experiences of others (K. Jacobsson, 2004). Rather than harmonization, policy convergence is sought to be achieved by the

Commission since the issues subject to OMC (i.e. employment policies, social inclusion) are sensitive and under member state competence. The key elements of OMC as it is defined by the Lisbon Council are: (1) establishment of Common Guidelines, (2) setting of time tables, establishing qualitative and quantitative benchmarks and common indicators to assess the best practice (3) translation of these guidelines to National Action Programmes in order to specify how these objectives are going to be implemented in the national context (4) monitoring and evaluating and peer review of the Action Plans to facilitate learning from each other (Zeitlin, 2008).

The proponents of OMC argue that OMC offers a solution as to how ‘transnational decision making arenas and multilevel sites can be coordinated without exerting hierarchical control’ (Mosher & Trubek, 2003). According to this perspective, soft law character of OMC is not seen as a shortcoming instead, it is viewed as an advantage which has the ability to be superior to traditional hard law. The reason of this argument lies on the assumption that OMC ‘fosters learning and provides flexibility to the policy process’ (Radaelli, 2003b, p. 22). It has also been argued that OMC reduces the democratic deficit since it relies on national stakeholders rather than centralised expert deliberation (Arday & Begg, 2001; Erika Szyszczak, 2006; Teague, 2001). In this context, OMC is regarded as a ‘deliberative form of governance’ (K Jacobsson & Vifell, 2007). Instead of legal enforcement, OMC tools such as ‘benchmarking’, ‘naming and shaming’ and ‘peer pressure’ can promote learning process (Trubek & Trubek, 2005).

Therefore Knill (2005) argues OMC belongs to ‘communication’ category of domestic influence.<sup>63</sup> Different dimensions of learning processes embedded in this pattern of adaptation are: ‘lesson drawing, transnational problem solving, policy emulation and international policy promotion’ (Holzinger & Knill, 2005).

On the other hand, sceptics stress the unbalanced nature of ‘Economic’ and ‘Social’ dimensions in EU. Scharpf (2002, p. 665) states that non-existence of legal sanction in the realm of Social Europe reflects ‘the asymmetry between policies promoting market efficiencies and those promoting social protection and equality’. He finds necessary to equip OMC objectives with a greater legal enforceability in order to overcome this asymmetry. Schafer questions whether ‘shadow of the law’<sup>64</sup> accelerates domestic implementation of OMC objectives at national level. He suspects that “governments select voluntarist procedures mainly to secure their own competencies rather than to realize common goals” (A Schafer, 2006). In addition to this, Schafer also compares the OMC process with OECD and IMF policies and concludes that OMC can be regarded as ‘another form of multilateral surveillance’ that has been practiced before by OECD and IMF (A Schafer, 2006).

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<sup>63</sup> Other categories defined by Knill and Lenschow (2005) are compliance and competition.

<sup>64</sup> The threat of legal sanctions



The third approach derives data from more empirical research and challenges both optimists and sceptics (Citi & Rhodes, 2007). This approach highlights the limits of OMC particularly with regard to the difficulties of achieving common objectives.<sup>65</sup> Casey and Gold argues that the learning mechanism of peer review process remained limited with labour market technicians and experts. Thus, overall peer reviews ‘hardly acted as a catalyst for policy transfer’ (B. H. Casey & Gold, 2005, p. 37). Zeitlin also supports this argument and claims that: “there are relatively few concrete cases at national level of the OMC’s contextualised benchmarking approach” (Zeitlin, 2005a, p. 472). Lopez-Santana (2006) explained the limited capability of OMC on direct policy transfer and ‘reflexive learning’ (Zeitlin, 2005a, p. 473) by institutional inertia and procedural shortcomings of OMC (e.g. limited participation of social partners in the process). Furthermore, De la Porte and Pochet (2005) stresses the fact that OMC has been interpreted as a traditional inter-governmentalist tool in the eyes of partners thus, partners’ participation in the process may be problematic due to this misinterpretation.

Considering the Greece and Ireland cases explained in this thesis, the results do not support optimist views that praise the soft law character of OMC and the mutual learning possibilities. While EES (as a form of OMC) seems to have more impact on Ireland, it failed to do so in Greece in terms of improving social

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<sup>65</sup> For detailed information see Büchs and Friedrich (2005) on Germany, Graziano (2004) on Italy and France, Armstrong (2006) on UK, Tsarouhas (2008b) and Seferiades (2003) on Greece.

partners' participation in policy formulation and implementation. Thus, one should be careful before making generalizations. Ireland-Greece comparison stresses the importance of national institutions and domestic variables. EES' reliance on existing domestic patterns and institutions for policy delivery can be regarded as its one of the major drawbacks considering the weak structural capabilities of Greece. As Tsarouhas states: "EES suffers from a lack of adequate incentive structures regarding the participation of the social partners in policy design and implementation" (Tsarouhas, 2008b, p. 361).

On the other hand, it is hard to declare total ineffectiveness of the Strategy with regard to the Irish example. The level of social partnership in Ireland has been praised by the Commission documents (CEC, 2002). Besides, partners view EES as a useful mechanism for prioritisation of the problems for partners (Government, 2005a). However, it is also necessary to note that even though Ireland has been able to embrace many of the EES objectives into its national agenda, EES has been subject to ongoing criticisms of the voluntary and community pillar of the social partners. NAPs have been accused to be merely 'repetition of already existing policies' (Government, 2006b). Therefore, there is still space for Ireland to develop its social partnership further.

Thus, this thesis contributes to the third approach based on the empirical findings gathered through Greek and Irish contexts. The key point for EES to be

successful depends on the precondition of domestic structures and the interest representative institutions' attitudes towards social partnership. To put it differently, domestic factors matter in the effectiveness of policy transfer through OMC.

#### **4.6 A Critique**

The historical evolution of social partnership and the efforts to create a consensus for dialogue to overcome socio-economic problems that are mainly attributed to European integration and globalisation can be found in the case study chapters of Greece and Ireland in detail. There are some similarities between Greece and Ireland considering the failed attempts in the earlier periods in both countries. However, at the end, Ireland was successful in embracing social partnership into its system and Greece failed. Additionally, since EES depends on national structures, EES can facilitate social partnership in Ireland but failed to do so in Greece. At this point, questions can occur in minds such as why Ireland was able to embed social partnership into its industrial relations effectively and create a consensus among social partners towards increasing partnership while Greece could not?

As a possible answer to a 'why' question within historical institutionalist framework can be twofold. First, unlike Greece, grim economic conditions of

1980s, rising unemployment, macroeconomic adjustment due to the adherence to the ERM and prolonged recession was able to create a critical juncture for Irish social partners. Thus, at this critical point partners revised their path and change occurred. In other words, facing a critical juncture, partners preferred dropping their rivalry attitude towards each other. While employers finally agreed to partnership, trade unions had strengthened their structures in time. Second, it should also be noted that compared to Greece, Ireland has not suffered from domestic variables that impede change in Greece such as clientelism. In addition to this, interest representation has been more institutionalised in Ireland. Irish social partners were ready to accept change and remain committed to the partnership since then.

However, the historical institutional logic can still be criticised due to the fact that critical juncture explanation fails to answer why critical juncture occurred at that point of time and not before. Further questions can be raised about the future of Greek social dialogue as well. Should we expect a critical juncture in Greece that will result a change in the perceptions of institutions? When and under which circumstances can this change occur if it is possible? To what extent this change can be explained by EES if it occurs? As it seen, while historical institutionalism is beneficial in explaining continuity, it can be criticised to be insufficient in explaining change.

## 5. CONCLUSION

As explained in Chapter I, the European Employment Strategy places a specific emphasis on the role of the social partners in policy formulation and implementation of the common guidelines. Partnerships among the social partners at the European, national, local and enterprise levels are regarded as an efficient tool for the consensus formation and problem solving in employment policy (CEC, 1997, 1998). Social partners are seen as vital players in employment creation and their role in formulating NAPs has been constantly highlighted by the EU institutions. Within the course of time the emphasis on social partnership has been intensified. Strengthening of social partnership, which is regarded as an indicator of good governance, has been included among the main objectives of the EES.

However, considering the soft law character of the EES as an Open Method of Coordination mechanism, its ability to achieve this goal has been criticised. Thus, it has been asked whether the OMC strategy: “Europeanizing without harmonizing, promoting policies without legislating and tackling controversial matters without stumbling on controversy” (Seferiades, 2003, p. 192) has been able to facilitate intended aim on social partner involvement in policy

formulation and implementation. Selecting comparable cases from the European Union member states where policy concertation and social partnership/dialogue either has a short history (Ireland) and limited scope (Greece) has challenged the argument about the alleged transformative capacity of the EES. In this thesis Ireland has been treated as a Liberal / Anglo-Saxon welfare state where low levels of social expenditure as a proportion of GDP, a voluntarist industrial relations system, low social insurance coverage, and the central roles of means tested benefits constitute its main welfare state characteristics. On the other hand Greece represents the Southern European Welfare Regime. Members of this family are known to have weak labour market structures, low levels of policy concertation, a dominant role of state institutions in industrial relations and high levels of political clientelism.

Both Ireland and Greece have passed through stages where elements of policy concertation tried to be introduced but failed at the end. For Ireland, attempts for establishing tripartite dialogue could not be sustained until 1987. For instance, the industrialisation programme of the Fianna Fáil government which was underpinned by political independence and economic nationalism ideas failed to overcome the historical rivalry between management and labour. Structures established this period remained merely consultative. Moreover, the transition to a market economy, application to EC and the return of the Fianna Fáil government had an impact on the revival of corporatist thinking in 1960s and 1970s (E. O'Connor, 2002). Regardless of several attempts, social partnership

could not be sustained in this period either. However, these two phases contributed to the institutions' creation period. Finally, the severe socio-economic profile of 1980s with high unemployment and prolonged economic recession triggered the concertation efforts to respond with a 'national consensus', which resulted in the signing of social partnership agreements in 1987 (Teague & Donaghey, 2009).

On the other hand, for Greece reforms those were undertaken by the PASOK government in the early 1980s contributed to the development of the country's industrial relations regime. Similar to the Irish experience, the economic impact of oil shocks, rising labour costs, EC/EU membership (1981) required industrial relations reforms. However, the adopted stabilisation programme did not lead to a proper social dialogue. Instead, reforms strengthened the position of the government in the union-state relationship (Lavdas, 2005). As a result, the already existing phenomena of state control over finance and the internal organisation of the unions remained (Kioukias, 2003). Throughout the 1990s, reform processes have accelerated. New institutions were created to facilitate social dialogue (i.e. establishment of OKE in 1994) and legal structure has been revised to reduce state paternalism over industrial relations. Partners gained the right of collective bargaining in 1990 and public administration was included in collective bargaining in 1999. However, compared to Ireland, Greece could not embody a real social dialogue system despite reform attempts, such as the Confidence Pact discussions of 1997.

When the impact of EES has been examined, it is seen that EES could not change the overall picture. While Ireland continues expanding social dialogue, Greece failed to integrate partners in the process. It is also evident that EES has not homogeneously affect Ireland and Greece. For Ireland, at first level change, EES did not introduce an overall change since partnership has already been welcomed and actively implemented by partners. However, the objectives of EES especially the Lisbon Agenda is reflected in partners discourse. For example, IBEC has expressed its view that after the introduction of Lisbon Agenda, lifelong learning has become a new concern of IBEC with increasing importance and relevance (Government, 2002). At second level, EES contributes in broadening and widening of the social partnership agreements. An analysis of social partnership agreements of Ireland reveals a significant degree of overlap between the EES objectives and partnership provisions. Furthermore, in Ireland new pillars are added in partnership. The inclusion of community and voluntary sector as the official partner in the process is in line with EES objectives.

Despite Ireland, EES impact remained limited in Greece. At first level change, it is observed that throughout 1990s Greece has experienced a certain level of rhetorical shift towards a positive attitude social dialogue. However, establishing a causal link between this rhetorical shift and EES is difficult. As Tsarouhas indicates, 'rather than EES itself the domestic institutional structure created after 1990 have served as the key mechanism for this change' (Tsarouhas, 2008b, p. 354). While the first phase of EES (1997-2000) did not create substantive change



in social partners' discourse, Greece has been receptive of the EES influence mainly after 2000 (Metronanalysis, 2002). Partners evolved more cross country analysis and use European layer in their discourse in the second phase of EES. Nevertheless, EES impact at the second level remains only limited and the outcome is problematic in Greece. Social dialogue process is still ineffective and reflects the historical ideological legacies within a form of 'inherited asymmetry in the social content of disjointed corporatism' (Lavdas, 2005). As it has been stated by several authors, social partners' role in policy formulation and implementation remained only consultative in Greece (CEC, 2002; Kioukias, 2003; OKE, 2010; Tsarouhas, 2008b). Therefore, EES can be criticised to be ineffective in triggering change and strengthening social partners in Greece.

When the overall impact of EES on social dialogue in Greece and Ireland is analysed comparatively, it is clear that EES is successful in translating its objectives in Ireland while contributing social partner involvement in the process. However, failed to overcome historical legacies impede change in Greece. Historical institutionalist theory is useful to explain this assessment. As it is stated before, EES relies on the domestic structures for implementing common objectives. As a soft law mechanism EES could not strengthen weak institutions that are path dependent and inherited values that impede change. As oppose to the arguments of OMC proponents, Greek experience does not indicate a process where learning mechanisms lead overall change. Besides, Irish experience refutes the arguments of fierce sceptics. EES has been able to co-ordinate employment

policies; offer best practices, and transfer its objectives to Ireland to a certain extent. As the case studies indicate, domestic variables and institutions are as of significant importance in terms of assessing EES impact. Thus, this thesis contributes to the third cluster in the OMC literature by challenging both optimists and sceptics via empirical data. Findings support Büchs' argument that the impact of OMC lies in between these two opposing views on the grounds that OMC effects national policy development but not as much as EU promoted or supporters of OMC foresaw (2007). Furthermore, the importance of domestic variables and the role of institutions should also be added into the overall picture in determining the role of EES.

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