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# Minimum wage in Greece and Southern Europe: Towards a new model for shaping labour relations

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## Ο κατώτατος μισθός στην Ελλάδα και τον Ευρωπαϊκό Νότο: Προς ένα νέο μοντέλο διαμόρφωσης των εργασιακών σχέσεων

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### ABSTRACT

The article focuses on the institution of the general minimum wage in Greece and Southern Europe during the economic recession and up to the present day. The economic crisis and the way it was dealt with by European and international institutions led not only to constraints in social expenditure but also restrictive income policies, among other things. Especially in countries that found themselves involved in 'fiscal adjustment programmes', like Greece, Spain, and Portugal, the whole of the labour market and labour relations became the arena for radical reforms. The declared targets were increasing flexibility in the labour market, decreasing labour force costs, gradually decentralizing collective agreements, changing the way wages are determined, and strengthening of flexible forms of work. Our study examines the changes in the established method of determining minimum wage in the countries of Southern Europe that were part of fiscal adjustment programmes.

**KEY WORDS:** Labor Economics, Minimum Wage, Labor Relations, Great Recession, Southern Europe, Labor Market Reforms.

### ΠΕΡΙΛΗΨΗ

Το άρθρο επικεντρώνεται στο θεσμό του γενικού κατώτατου μισθού στην Ελλάδα και τον ευρωπαϊκό Νότο, κατά τη διάρκεια της κρίσης και μέχρι σήμερα. Η οικονομική κρίση και ο τρόπος αντιμετώπισής της από τους ευρωπαϊκούς και διεθνείς θεσμούς οδήγησε εκτός των άλλων τόσο σε περιστολή των κοινωνικών δαπανών όσο σε περιοριστικές εισοδηματικές πολιτικές. Ειδικά στα κράτη που βρέθηκαν σε «πρόγραμμα οικονομικής στήριξης ή δημοσιονομικής πειθαρχίας», όπως η Ελλάδα, η Ισπανία και η Πορτογαλία, το σύνολο της αγοράς εργασίας και των εργασιακών σχέσεων υπήρξε πεδίο ριζικών μεταρρυθμίσεων. Διακηρυγμένος στόχος ήταν η αύξηση της ευελιξίας στην αγορά εργασίας, η μείωση του εργατικού κόστους, η σταδιακή αποκέντρωση (decentralization) των συλλογικών συμβάσεων, η αλλαγή στον τρόπο διαμόρφωσης των μισθών, η ενίσχυση των ευέλικτων μορφών εργασίας. Στην έρευνά μας, μας απασχολούν οι αλλαγές στη θεσμική διαμόρφωση του κατώτατου μισθού στις χώρες του ευρωπαϊκού νότου που βρέθηκαν σε προγράμματα δημοσιονομικής προσαρμογής.

**ΛΕΞΕΙΣ-ΚΛΕΙΔΙΑ:** Οικονομικά της Εργασίας, Κατώτατος Μισθός, Εργασιακές Σχέσεις, Μεγάλη Ύφεση, Νότια Ευρώπη, Μεταρρυθμίσεις στην Αγορά Εργασίας.

## 1. Introduction: Actuality of the topic and context

The economic crisis that made its appearance in 2008 and the manner in which both individual member states and the European Union as a whole dealt with it had repercussions on the institutional, social, and economic levels. The crisis brought to the fore underlying problems and gaps in the financial and banking systems within the EU and, more specifically, the Eurozone. It posed new questions that had already occupied economists worldwide primarily before the introduction of the single currency and had to do with the implementation of the theory of 'optimum currency areas' within the context of the Eurosystem. Among other things, the discussion focused, on the one hand, on labour market reforms, aiming at making this market as adaptable as possible to interior and exterior economic shocks and, on the other hand, on the demand for financial integration as the main precondition for the smooth functioning of a single currency (Commission, 2012, Tower, 1976, Eichengreen, 1990, De Grauwe, 1983).

The pressing need for the IMF and the EU's political institutional mechanisms to provide an immediate response to the banking crisis, which quickly evolved into a financial crisis, led to a wide range of reforms on the economic, institutional, and regulatory levels within the EU. In the midst of intense social discontent and political pressures on both the national and European level, the EU's highest financial and political bodies were called upon to proceed with shaping new and more effective mechanisms for handling the ongoing –but also future– economic crises. The EU's new economic governance<sup>1</sup> was created during the crisis while Portugal, Greece, and Spain were either on the brink of or already in a state of bailout. The reforms as a whole led to a penetrating financial, economic, and banking integration (Maraveyas & Katsikas, 2016). The existing monitoring and supervising mechanisms of the Eurozone member states' fiscal and economic policies were considerably strengthened while new authoritative bodies were created, aiming at achieving long-term financial and economic stability within the EU.<sup>2</sup>

The new European system of economic governance has raised, however, a series of questions both in relation to how it was formed and the widespread influence of the circumstantial political interrelationships within it (Ross, 2013, Maraveyas & Katsikas, 2016) as well as in relation to shifts in the way the EU itself is governed ( Bekker, 2013, Bach & Borgogna, 2013, Bauer & Becker, 2014). Overall, the reforms and institutional changes leaned towards the dominance of fiscal and monetary discipline and austerity policies for economic policy in its entirety, something that led to a decrease in social expenditure, restrictive income policies, and considerable changes in labour relations.<sup>3</sup> The European social pillar was seriously shaken, and more particularly, what is called the European social *acquis* (Blyth, 2013, Degryse *et al.*, 2013, Crespy & Menz, 2015, Vanhercke *et al.*, 2017).

More specifically, in the member states, especially in countries that found themselves involved in 'fiscal adjustment programmes', like Greece, Spain and Portugal, the whole of the labour market and labour relations became the arena for radical reforms. The declared targets were increasing flexibility in the labour market, decreasing workforce costs, gradually decentralizing collective agreements, changing the way wages are determined, increasing active employment policies by also decreasing unemployment benefits (by definition), increasing flexitime work shifts, and liberating termination procedure policies (Commission, 2011, Commission, 2012, Schulten T. M., 2013, Karakioulafi, 2018, Kouzis, 2018, Müller, 2019).

The rationale of structural reforms in the labour market is based on two concessions: firstly, that increased competitiveness will be achieved by lowering labour costs; secondly, that 'opti-

currency areas' demand higher flexibility and mobility in the labour market (Eichengreen, 2014) in tandem with financial discipline for them to function smoothly (Liargovas, 2006). The deregulation of the labour market became the EU's unwavering goal in the new context formed by the 2008 economic crisis. The influence of the EU's authoritative bodies –particularly that of the European Commission– in labour relations is obvious in the new institutional framework of operation and, more specifically, in the institution of the European Semester (Commission, 2010). The neoclassical response to the debt crisis within the EU, and more specifically within the Eurozone, set off a chain reaction of social and political responses. The European Pillar of Social Rights, announced in 2017, attempts to retain some of the olden-day rhetoric regarding the European social model, returning to the question of what type of qualities the European social state will adopt after the crisis has passed.

This article examines the statutory minimum wage in the three countries of the Eurozone that found themselves in a state of bailout during the economic crisis. Firstly, our aim is to document the new forms of statutory minimum wage that were introduced during this time. Secondly, we will examine how far the institution of minimum wage continues to serve its main aim, that is, the social protection of the more vulnerable working classes. Finally, we will document the framework within which the institution of minimum wage has been implemented, that is, the way it was implemented through collective negotiations and authoritarian state policies.

Our working hypothesis is that the state implemented the statutory minimum wage not to ease social inequalities and combat the humanistic crisis, but to remove a significant advantage from employees' negotiation tools by using neoclassical phraseology and thus disadvantaging collective negotiations. Hence, our approach to statutory minimum wage in this article clashes with the use of the institution by neoclassical thought and neoliberal governments, which link minimum wage to 'development policy' and present it as a panacea for the repercussions of the free market, guaranteeing the least possible protection constantly contingent on changes in the GNP. Our approach, however, needs to take into consideration that social and economic processes are not linear; on the contrary, they are in constant motion, a fact that affects both their dynamic as well as their development. The ultimate aim of this study is to contribute essentially to the debate concerning the need to reshape the European social model, taking into consideration both the EU's relevant declarations about the necessity to develop 'more ambitious European employment and social policies, building on the existing *acquis*' (European Commission 2016b, Sabato & Vanhercke, 2017).

Our data were drawn from international organizations and EU institutions. In the first paragraph of the article we establish the theoretical context of the debate concerning the general minimum wage; in the second, we develop how this practice has been implemented in Greece, Portugal, and Spain, and in the third, we present our conclusions.

## 2. Theoretical context -State of the Art

Statutory minimum wage was first introduced in New Zealand and Australia in the 1890s, while in 1909 in the United Kingdom a type of minimum wage was in force in certain industries, applying to specific groups of employees. The first definition of minimum wage relating to labour can possibly be found in the Treaty of Versailles, in part VIII of the document, and is considered the first constitutional charter of the International Labour Organization (ILO). In

Article 427 of the Labour Charter, the third (of nine) principles of 'special and urgent importance' claims that minimum wage is 'The payment to the employed of a wage adequate to maintain a reasonable standard of life as this is understood in their time and country.' (International Labor Office, Part XIII of the Treaty of Peace of Versailles, 1923), while in 1928 at the Minimum Wage-Fixing Machinery Convention (No. 26), the mechanism for regulating minimum wage is described for the first time. In the USA, minimum wage was introduced by the State, initially in Massachusetts in 1912 and subsequently in several other states before being enforced across the board via Franklin Roosevelt's Fair Labor Standards Act in 1938. In Greece, minimum wage was ratified in 1936 by the Metaxas dictatorship in the context of the authoritarian social intervention of the regime in labour relations (Antonopoulou, 2017). During the 1960s and '70s, a series of important international treaties (European Social Charter of 1961; the 1970 Minimum Wage Fixing Convention (Nos. 131 and 135) revisit the issue of minimum wage in the belief that it constitutes a fundamental social right, while also renegotiating the way it is determined. The revised European Social Charter of 1998 defines minimum wage in Article 4.1 as the right to fair remuneration, that is, 'the right of workers to a remuneration such as will give them and their families a decent standard of living [...]. The exercise of these rights shall be achieved by freely concluded collective agreements, by statutory wage-fixing machinery, or by other means appropriate to national conditions.' (N. 4359/2016, 2016). In the 20 principles of the 2017 European Pillar of Social Rights, a text of soft law, the reference to minimum wage is even more specific in Article 6: 'Workers have the right to fair wages that provide for a decent standard of living [...] in a way that provide for the satisfaction of the needs of the worker and his/her family in the light of national economic and social conditions, whilst safeguarding access to employment and incentives to seek work. In-work poverty shall be prevented. All wages shall be set in a transparent and predictable way according to national practices and respecting the autonomy of the social partners.'<sup>4</sup> The ILO mentions in Recommendation 131/1970, Article 2, that 'minimum wages shall have the force of law and shall not be subject to abatement, and failure to apply them shall make the person or persons concerned liable to appropriate penal or other sanctions.' Further down, in Article 3, the criteria for determining minimum wage are defined.<sup>5</sup> Recommendation 131 was compiled with reference to developed countries and though it was initially greeted quite enthusiastically, by 2008 it had been ratified by merely 51 countries, of which only 7 –including Spain and Portugal– were industrialized. Greece has not yet ratified it. The most significant points of the declaration can be summed up as follows: first, the institution of minimum wage does not only concern the individual employee, but his/her family as well; second, an integral part of determining and implementing minimum wage are the negotiations among social partners; third, the criteria for determining the minimum wage floor are both the risk of poverty and the daily living needs of employees and their families in addition to economic figures, such as growth and productivity (Marinakos, 2009).

Most European member states introduced statutory minimum wage before 2008, while 90% of the countries that participate in the ILO have established some form of minimum wage. In Germany, statutory minimum wage was introduced as recently as 2015, after many years of negotiations both with social partners as well as within the two major parties of the German parliament. In order to determine minimum wage, the German state created a permanent commission (Mindestlohnkommission). This Minimum Wage Commission is newly appointed every five years and consists of a chairperson, six permanent members with voting rights and two advisory members chosen from the scientific community without voting rights. The members of

the Minimum Wage Commission work on an honorary basis. The committee's decisions are ratified by the federal government. According to German law, minimum wage contributes to providing the appropriate minimum level of protection for workers, ensuring fair and functional terms for competition and avoiding termination of employment (Article 6, Paragraph 39, Part 6, BGBI. I S. 872). Hence, minimum wage can be understood as the minimum fair remuneration for workers, providing them with the capability of securing a minimum decent existence for themselves and their families, avoiding the risk of poverty, while all social partners have a say in determining it.

Nonetheless, the criteria for determining minimum wage have shifted during the years of the economic crisis, a fact that is not clearly reflected in the declaration for the 2017 European Pillar for Social Rights. The Commission's internal interpretation of the text, however, is much clearer since it mentions that the minimum wage level must take into account both the needs of the employees as well as economic parameters, such as each country's productivity (Veliziotis, 2018: 19). Thus, a wide margin for different interpretations of the macroeconomic indexes compared to social protection are created in a text that *a priori* is not legally binding within the EU.

Much literature has been devoted to the practice and ideas that suffuse the EU's views of the labour market, labour rights, and wage-setting policy, that is, the EU's new governance. The main conclusions drawn agree that the policies of budgetary discipline as a response to the economic recession are founded on internal devaluation by means of decreasing labour costs (Gyes & Schulten, 2015, Featherstone, 2015, Karakioulafi, 2018, Kouzis, 2018). Opposing views seem to claim that lowering labour costs was not the result of the crisis and the new economic governance, but rather the outcome of considerable wage increases in a number of countries before the crisis, from 2000 to 2009 (Höpner, 2018). The debt crisis and the methods chosen to confront it, this theory concludes, promoted the wage convergence of European economies, forcing some member states to reduce their previous wage costs so that the large differences within the EU could be balanced, aiming at boosting the competitiveness of national and European economies (IMF, 2015, Höpner, 2018). The discussion found in the literature regarding the changes in minimum wage and the alterations in labour relations can also be extended as well to the arena of collective negotiations and the role of trade unions after these.

### 3. Changes in labour relations during the memoranda era

The 2008 global economic crisis had serious repercussions for the member states of Southern Europe. The rapid and painful derailment of financial figures led to instability in the whole of the financial sector, and more particularly in the banking sector, with immediate repercussions on the creditworthiness of all three countries in question. Most analysts, however, agree that the crisis brought to the surface in the most acute manner structural problems and systemic weaknesses of the three member states, which pre-existed even before the crisis (Clasen, *et al.*, 2012, Baldwin & Giavazzi, 2015, Manasse & Katsikas, 2018, Ioannou A., 2019). The criticism of the international organizations that participated in the bailout programmes as well as a large part of the scientific community focuses on the inadequate competitiveness of economies, the distortions in the labour market, low productivity, and comparatively high salaries (Directorate General, 2010, Directorate General, 2011), (N. 4046/2012, A. 28). Changes in the whole of the labour market and internal devaluation were considered to be the most useful tools in overcoming the crisis and achieving declared goals, in restituting competitiveness, boosting production, increas-

ing productivity, and promoting unhampered economic growth. The main reforms implemented in the labour market were concentrated in the following sectors: A) Internal devaluation via vertical pay reductions in the public and private sectors, liberalization of termination procedures, decrease in monetary compensations and reduction in unemployment benefits and in the number of those entitled to them. B) Decreasing the protection of labour, removing the protection of employment, aiming at increasing productivity and increasing adaptability to market pressures. Significant reforms in this direction were the cancellation of permanent contracts, more flexitime work shifts, removal of the obstacles in labour force mobility, and the overall promotion of more flexible forms of labour, such job rotation and short-time work. C) Shrinking trade union rights and weakening collective negotiations. These reforms concerned restrictions in the right to strike, extensive and profound changes in compulsory arbitration and mediation, aiming at minimizing the protection of employment and maximizing work force flexibility. Collective negotiations will be analysed in this chapter.

The internal devaluation that was attempted in Greece, Portugal, and Spain, the member states of Southern Europe that found themselves participating in fiscal adjustment programmes, is crystalized in the changes made to statutory minimum wage. And this is because this practice creates a minimum limit of labour remuneration. The minimum wage floor in all three countries in question is at the lowest level of minimum wage within the EU even after it was reduced or frozen (Fric, 2018). After all, both the institutions' prior discussion as well as the final decisions to freeze or reduce the minimum wage floor focused on arguments regarding the lack of national economies' competitiveness, which took into consideration this very quantitative factor (Commission, 2011, IMF, 2015, Höpner, 2018).

In Greece, the statutory minimum wage was reduced in 2012 with the second 'fiscal adjustment programme' by 22% and by 32% for the youth with the introduction of the sub-minimum wage. However, the first loan agreements –or the 'first memorandum', as it is called– contained measures for compressing labour costs, the most important of which was firm-level contracts overriding sectoral ones as well as the plethora of changes in the restrictions and termination compensations. It is worth noting that immediate cuts were made first to wages of employees in the public sector or the broader public sector. The reduction in minimum wage was complemented by measures further compressing labour costs, such as repeals of benefits and wage maturation, the further weakening of sectoral agreements, and the strengthening of firm-level and individual agreements, the postponement of more favourable adjustments in the case of overlapping collective agreements and well as considerable changes to the institution of compulsory arbitration.

In the same vein, the freezing of minimum wage in Portugal in 2011 was accompanied by measures to also lower labour costs, such as the cuts in overtime wages, the dominance of firm-level agreements over sectoral and occupational agreements, and the gradual liberalization of collective agreements. With a series of laws, the increase in flexitime was attempted mainly through short-time work regulations and extensive changes in the legislature regarding terminations, while unemployment benefits were reduced and so was the length of time that the unemployed were entitled to them.

Lastly, in Spain minimum wage was also frozen in 2012, while the fiscal adjustment programme was –as in the other two countries of Southern Europe– accompanied by a package of measures regarding labour relations. Extensive changes were made to collective agreements and in Spain, too, firm-level agreements overrode sectoral and occupational agreements even with-

out the agreement of social partners, while the reforms in termination procedures, apart from reductions in compensations, also involved flexibility in the way these were justified. Finally, the spectrum of reforms was completed by making work shifts even more flexible, while job rotation and short-time employment became more widespread.

Greece, the country with the biggest and most difficult-to-solve financial problem, also proceeded with a change in the way minimum wage is determined. The capacity of determining it was taken away from the social partners and bilateral negotiations, and was exclusively assigned to the government, more specifically, to the minister of labour, who is aided by a panel of experts and reports from employment unions and trade unions during the negotiation procedure (N.4172/2013, Article 103). Correspondingly, in Portugal, the minister of labour in office has the capacity to determine minimum wage following trilateral negotiations (Commission, Labour Market and Wage Developments in Europe, 2017). It is worth mentioning that official social dialogue collapsed in the country in 2012 when trade unions refused to consent to freezing minimum wage, while in 2014 they walked out on the talks as well since they considered the increase too small. In Spain, the trilateral negotiations are called upon to reach an agreement regarding the minimum wage floor, while the government does not have the right to act unilaterally (Commission, 2017). Nonetheless, during the economic crisis, negotiations reached an impasse in the Iberian Peninsula, especially in 2017 when the government decided to resort to bilateral contact with employment organizations, further weakening trade unions.

The reforms promoted by the authoritative bodies to overcome the crisis echo the same economic perception in all three countries: the neoclassical approach, based on which an economy's competitiveness is based on the large competitiveness in wages, hence on compressing labour costs. It was not, however, implemented to the same degree in all three countries. For a number of economic and political reasons, Greece was called upon to implement more extensive reforms throughout the whole spectrum of labour relations. More specifically, what was called 'the liberalization of the labour market' was considered one of the most significant pillars of fiscal adjustment and structural reform. In Spain and Portugal, the distortions of the labour market were addressed with fewer measures but equally drastic. The reforms can be summarized in three main axes: a) strengthening the flexibility of the labour market by increasing short-time employment and self-employment; b) restricting free collective negotiations and correspondingly promoting firm-level and individual agreements; c) freezing or reducing minimum wage.

The exit of all three countries of Southern Europe from the fiscal adjustment programmes was accompanied by an increase in minimum wage at rates quite a bit higher than the increase in the GNP of each member state. More specifically, in 2019 Greece increased minimum wage for everyone by 10%, while also removing the sub-minimum wage (from 586.06€ to 650€); Portugal proceeded with four successive increases in minimum wage (from 565.83€ to 700€) in 2019; in Spain, minimum wage started to rise slightly in 2013 and then from 2017 to 2019 it jumped by 224.35€ to reach 1050€ (from 748.30€ in 2012).<sup>6</sup> These increases, however, were not accompanied by significant reforms in the new working environment. Finally, there was an uneven course in raising the minimum wage in the three member states. Portugal and Spain have made increases well above the pre-crisis minimum wage level. However, even its relatively significant increase in Greece has not been able to cover the rate of decline in 2012. The reasons should be sought both in the diversification of the duration of the fiscal adjustment programs in the three member states concerned and in the time of the minimum wage increase concerning their successful completion. Although the discussion cannot be exhausted on these two parameters.



Equally important is the level of the minimum wage concerning productivity and to the median wage in the pre-crisis era.

During the fiscal adjustment programmes, unemployment rose dramatically in all three member states, a fact that raises questions as to the success of the reforms. Specifically, in Greece, the unemployment rate prior to entering the programmes stood at 9.3% in 2009, in 2013 it reached a soaring rate of 27.8%, while from the second half of 2014, a slow but gradual decrease in unemployment began. Spain entered the fiscal adjustment programme 2012 with a high rate of unemployment at 20.64%, which had already started rising dramatically in 2008 (from 11.23%) and reached 26.94% in 2013. Unlike Greece, however, unemployment in Spain subsequently fell much faster. After all, the country completed the fiscal adjustment programme in much less time than Portugal or Greece did. Lastly, in Portugal, although the unemployment rate did not rise as much as it did in the other two member states in question –unemployment started rising prior to the bailout programme, reaching 12.68% from 7.55% in 2011– while participating in the programmes, it did reach the 16.18% mark in 2013, at which time it started to drop.<sup>7</sup>

In any case, according to Eurostat data, the percentage of the population living below the poverty line rose after the countries' inclusion in the bailout programmes, while the gradual scaling-down of this rate is still considerably different from that of the average rate of other Eurozone member states. More specifically, following the 2009 social transfers, the percentage of the population living on incomes 60% less than the median wage was 20.3% in Spain, 19.7% in Greece, and 17.9% in Portugal, while the corresponding rate in the Eurozone was 16.1%. In Spain, the percentage of the population living on or below the poverty line rose considerably after the country exited the bailout, that is, in 2014 it was 22.1% while in 2018 it had dropped minimally to 21.5%. Portugal presents a similar picture as this rate reached 19.5% in 2014 and only saw a significant drop to 17.3% in 2018, admittedly slightly lower than the pre-crisis rate. It's worth noting that considerable increases in the minimum wage took place in both member states after 2017. In Greece, the percentage of the population living below the poverty line peaked in 2012-2013 as it was almost a quarter of the population (23.1%), while it started gradually dropping in 2016, reaching 18.5% in 2018, following, for the most part, the reduction in unemployment.<sup>8</sup> Nonetheless, it must be said that the poverty rate is a variable that clearly depends on the wage levels and particularly that of minimum wage.

Including in this analysis the whole set of changes in labour relations and mainly the new given that European and international institutions promoted –the increasing flexibility in working conditions– facilitates the discussion regarding minimum wage as a social institution and not merely a macroeconomic variable in labour relations. More specifically, the reforms resulted in a considerable percentage of employees being underpaid since their monthly number of work hours is definitely lower than those corresponding to full-time employment. According to official Eurofound data, in 2016 in Spain over six million employees had an annual income lower than that which would correspond to an employee earning minimum wage in full-time employment (Fric, 2018). The corresponding data for Greece for 2017 show that at least 14.5% of employees earns 499€ or less (General Confederation of Greek Workers [GCGW], 2018: 97), while the percentage of short-time and temporary work reaches 19.2% (GCGW, 2018: 105-6). According to official data, 8-14.1% of the employed earns minimum wage (Veliziotis, 2018: 66), while the percentage is comparatively high for single-parent families. Portugal's corresponding data from the ministry of labour report that for 2017 at least 23% of full-time employees earned minimum wage, a relatively high rate in comparison to Spain and Greece. Short-time employment, after

all, peaked in Spain in the first quarter of 2019, while seasonal work touched the 26.7% mark.<sup>9</sup> In Portugal, while the rate for short-time work is relatively low (7% in 2018), the self-employed make up 16.6% of the total of all workers and seasonal work 22% of the total, one of the highest percentages in countries of the OECD. In Spain, correspondingly, the percentage of the self-employed is at 16%, while Greece holds one of the first places in countries of the OECD as the rate of self-employed reaches 33.5%.<sup>10</sup> The data manifest the differentiations in relation to the results of the reforms on the whole of the labour market in the three member states in question. Nonetheless, both self-employment as well and the temporary nature of job positions –seasonal work, short-time or rotational work– create a new environment of insecurity for a large number of workers. Achieving flexicurity seems to be a thing of the past if one takes into account that the average annual median wage in all three member states has been drastically constrained and falls far behind the corresponding goal for the decade when the single currency was introduced. Apart from Spain, which finds itself at the 2008 level, both Portugal and Greece are below the levels of the year 2000.

Increasing labour market flexibility and creating new more flexible forms of employment also affect the traditional ways workers protest and defend their interests. As it has already been mentioned, one of the axes of the bailout programmes also was to ‘liberalize’ collective negotiations. In all three member states of Southern Europe in question, reforms in the in labour market managed to drastically restrict these negotiations. Specifically, in Portugal coverage from collective negotiations shrank: in 2008 more than 1,890,000 workers were covered while in 2014, only 246,000.<sup>11</sup> In Spain, the country that had the highest coverage of employees from collective negotiations in Europe, that is, 89%, the figure fell to 65% in 2014.<sup>12</sup> In Greece, a partial lifting of employees’ decreased negotiating capability was attempted in 2018 as extensibility of collective agreements and their right to extension came back in force. Here, too, one may observe the gradual reduction in sectoral and occupational agreements as against firm-level agreements. Specifically, sectoral and occupational agreements in force only number 15 and cover 220,000 workers (Ministry of Labour Press Release 10/01/2019). The comparison with the percentage of coverage of sectoral and occupational agreement before 2011 is indicative of the liberalization of the labour market during the fiscal adjustment programmes. To wit, between 2011 and 2012 there were more than 190 sectoral and occupational agreements in force, while coverage was over 60% and in 2009 the corresponding coverage was as high as 83%. Let it be noted that the fact that firm-level agreements in 2015 covered 7.6% of workers, something that indicates an upward trend, but it does not appear that these override sectoral and occupational agreements for the time being (Ioannou A., 2019: 39-43). Finally, the considerable increase in all three countries of individual work agreements was the result of the sharp rise in self-employment.

## 4. Conclusions

**T**he purpose of this article was to examine statutory minimum wage in three member states of Southern Europe, the social effectiveness of the institution and the way it was modified in the legal systems of each member state during the economic crisis, its implementation, that is, through free collective negotiations or state enforcement. From the above analysis, we ascertained that, though the role of trade unions differ considerably from one country to another, both in terms of the level of influence on workers as well as in the level of their participation

in the determination of minimum wage, it is generally accepted that the policies for facing the economic crisis weakened them in many cases. This restriction is directly linked to the tendency towards decentralization of collective negotiations (Clauwaert & Schömann, 2014, Fric, 2018, Karakioulafi, 2018) and the simultaneous strengthening of firm-level agreements. In order to ascertain how fixed these characteristics may become, this tendency should be compared to new forms of social protest and the constantly growing role of social economy within the member states. Nevertheless, at a time when European integration is proceeding at a fast pace primarily on the financial, economic and banking levels, the upgraded –as it seems– role of the state in determining minimum wage allows for a more comprehensive dialogue concerning the potential to simultaneously delve deeper and re-establish the European social *acquis* in the minimum wage paradigm. Rekindling the minimum wage dialogue within the EU poses new qualitative data for determining the minimum wage floor,<sup>13</sup> while it brings back to the fore the question concerning achieving a harmonized policy on the European level, that is, the introduction of a minimum, mutually determined, European minimum wage (Schulten, 2006, Schulten, 2012, Garnero *et al.*, 2014, Müller, 2019).

This article argues that statutory minimum wage is an institution of the crisis that was confronted by governments and neoclassical orthodoxy in developmental economic terms, while by socially orientated bodies as a social institution. This conclusion was drawn from the examination of the changes in labour relations in the three member states of Southern Europe that found themselves in fiscal adjustment programmes, focusing on the institution of minimum wage not only as a quantitative figure but as a qualitative one as well. It became clear that internal devaluation was attempted though radical reforms in the labour market, spearheaded by the reduction in or freezing of minimum wage. The ‘liberalization’ of collective agreements visibly weakened trade unions while individual agreements and self-employment have created a new reality for a large part of the employed. One more result of the Troika’s reforms –inseparable from the rest– is the fact that the determination of minimum wage falls under the state’s jurisdiction, something that is not problematic as in most European member states minimum wage is now determined after dialogue with social partners, but ultimately at the state level (Fric, 2018: 12). Nonetheless, the shift from collective negotiations to state jurisdiction removes a significant advantage from workers in exercising pressure for improving labour relations (Bach & Borgogna, 2013). On the one hand, promoting individual agreements over collective ones and the state regulation of minimum wage on the other, beg the question of how far minimum wage continues to be a qualitative figure for increasing or decreasing income rather than a means for boosting economic competitiveness. The moment that determining minimum wage becomes the responsibility of the state, it indirectly takes on an institutional nature and a very significant one as it is called upon not only to protect the more vulnerable members of society and the productive fabric, but also secure a fair wage for them and their equivalent participation in society as defined by the European social charter. This new challenge arises in a dystopian economic environment especially when one takes into account that the earnings of 15% of the population of all three countries are at the lowest levels.

## Notes

1. EU Economic governance: monitoring, prevention, correction: The European Union’s economic governance framework aims to monitor, prevent, and correct problematic economic trends that could weaken national economies or negatively affect other EU countries.

2. The EU's economic governance explained: An explanation of the EU's economic governance
3. An indicative example is ECB President Mario Draghi's statement in February 2012 that the European welfare state is dead, and austerity must continue. More here
4. Social Protection and Integration
5. INTERNATIONAL LABOUR ORGANIZATION C131 - Minimum Wage Fixing Convention, 1970 (No. 131)
6. <https://wageindicator.org/>
7. <https://www.statista.com/statistics/>
8. <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do> It would be interesting to see a study regarding the role that 2016-2019 social solidarity income and social transfers played in the considerable decrease in the percentage of the population living on or below the poverty line.
9. OECD Employment Outlook 2019
10. OECD Data: Temporary Employment
11. ETUI: INDUSTRIAL RELATIONS IN PORTUGAL - BACKGROUND SUMMARY
12. Collective bargaining – Spain
13. Compare to living wage, <https://www.livingwage.org.uk>.

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