BUSINESS & THE GREEK ECONOMY | SPECIAL REPORT

SOCIAL DIALOGUE AND COLLECTIVE BARGAINING

SEV Hellenic Federation of Enterprises

7 preconditions for restarting social dialogue and increasing labour incomes in the future

After one of the most difficult periods of economic collapse in modern Greek history, during which fundamental macroeconomic imbalances have been corrected, our goal is to turn the current unstable steps towards recovery into solid policies that will lead to a dynamic and sustainable economic growth and ensure prosperity for all. The revival of social dialogue between the state, employers and employees on a renewed basis should prioritise Greece's international competitiveness and the production of internationally traded products and services. A consensus on this issue is sine qua non for the Greek economy, in order to put the recovery on a more stable footing and effectively tackle fundamental structural challenges in the functioning of the public sector and its market economy.

SEV considers that the leading social partner organisations should actively aim to achieve the conditions that will lead to an increase of sustainable employment and improved incomes. The recent ILO declaration named "The Istanbul Initiative for the Centenary" sets out a concrete framework for the policies that we need to support or even shape in the form of proposals. In order to be able to contribute actively to this objective, SEV, in a formal letter sent from its President to the Presidents of the Social Partners that have concluded the National General Collective Labour Agreement (hereafter EGSSE), outlined 7 issues that are appropriate to be discussed in the forthcoming meetings for the negotiation of the EGSSE 2018. In practice, this will activate the Cooperation Forum, in accordance with the provisions of Article 8 of the EGSSE 2008, but also in the spirit of the Joint Declaration of European Social Partners in Gothenburg. The start and end of such a structured dialogue with substantial consensus around the seven proposed directions will make a decisive contribution towards improving the productivity of the Greek labour market and pave the way for the necessary wage increases in the private sector.

Greek society needs to promote radical reforms in its economy, if it wishes to maintain the current positive momentum. A viable solution to the Greek employment crisis lies in elaborating an integrated strategy that will support the growth of internationally traded products and services sector, which has high added value, produces, exports and creates sustainable employment. Within the context of major international technological shifts, this is fundamental in order to ensure that Greece does not become entrapped in the group of low-productivity, low-

Department of Macroeconomic Analysis and European Policy

Michael Massourakis
Chief Economist
E: mmassourakis@sev.org.gr
T: +30 211 500 6104

Michael Mitsopoulos
Senior Advisor
E: mmitsopoulos@sev.org.gr
T: +30 211 500 6157

Thanasis Printsipas
Associate Advisor
E: printsipas@sev.org.gr
T: +30 211 500 6176

skill and low-wage countries. This also requires, inter alia, an appropriate framework for the functioning of the labour market and the regulation of industrial relations.

It is also crucial to understand that the absence, delay or backtracking on reforms affects the country's overall domestic competitiveness: it has a direct adverse effect on the wages Greek employees can expect to receive and the number of viable and quality jobs available to the country's economically active citizens. This is because, in the absence of all other reforms, the pressure of adaptation is transferred to labour costs. In fact, this is what happened and is happening with all adjustment programmes and their policy mix.

Our economy in the post-programme support period needs to carry out reforms in the areas of employment, labour market and industrial relations, domestic planning and this requires, above all, ownership of the reform agenda. In order to shape and operate this strategy, an appropriate framework for social dialogue is also needed.

Social dialogue, which in principle is the role of social partners (employers and employees), is central to this process and needs to be broadened by other issues beyond the narrow definition of the minimum wage, for which a new regulatory framework has already been established but has yet to be implemented. Such issues include the social security system, education, human resources development and business performance, over-taxation, business growth and effective resolution of collective disputes.

These are the 7 issues that are being proposed for discussion in the forthcoming negotiation of the new EGSSE of 2018, which are analysed below:

1. The Future of Work.

2. Restarting Business - Rescuing Jobs.

3. Fair and compensatory workers' social security system: establishment of an Occupational 2nd pillar Social Security Fund.

4. Financing the Vocational Training System, and the national social partners' Institutes.

5. Arbitration: Agreement for a New System.

6. Establishment of a Tripartite Consultation Council (ILC 144).

7. Framework Agreement with Guidelines for Effective Collective Bargaining

The present is a summary of the research study compiled by Harry Kyriazis, advisor to the board of SEV, Christos A. Ioannou, economist and Director of Labour Affairs at SEV and Sotiris Petros, statistician and policy analyst at SEV, within the context of the preparation of the conference organized by SEV regarding the Future of Work, and that took place on 24-10-2017 and the preparation of the new agenda for the National General Collective Agreement 2018. With respect to the Greek original of Jan. 9th 2018 small updates in the content are made, in order to align with the most important developments observed since as the National General Collective Agreement 2018 was signed in March 2018 by including most issues with the exception of the compulsory arbitration reform topic. These updates are made without altering the essence of the original content.

Executive Summary

- In 2018, Greece finds itself at a crossroads. The fiscal adjustment implemented during 2010-2017 has proved successful insofar that the country has managed to eliminate its twin structural deficits (balance of payments and current account deficits) and corrected its competitiveness imbalances and under-performance. However, with unemployment remaining in the range of 20%, the need for structural reforms and productive transformation of the economy remains pending.

- **The way of out of the crisis cannot be the same as the one that led to it**. The system of industrial relations that prevailed prior to the crisis is one of the causes for the unprecedented loss of competitiveness in the Greek economy after its entry into the eurozone in 2001 that led to its 2008-2017 crisis.

- Compulsory arbitration, in combination with the automatic extension of collective agreements on minimum wages throughout all sectors of the economy and levels of pay, resulted in a completely irrational growth rate in salaries during the period 2001-2010 that was completely disconnected from productivity developments within Greece, as well as other eurozone member states. It is worth noting that in 2011, on a twelve-month basis, the Greek nominal wage was 877 euros, compared with 566 in Portugal and 748 euros in Spain. In this sense, the 22% cut that was implemented in 2012 can be seen as an inevitable correction.

- As the country gradually recovers, it is imperative that its new economic foundation is built on solid grounds. Amongst others, this means maintaining the competitiveness gains of the previous period and building an economic model that **shifts away from the debt and deficits fed economy and prioritises the production of internationally traded goods and services.**

- Such a shift automatically implies a new industrial relations model that properly comprehends the pivotal role of wage setting policy as a tool of preserving the country's international competitiveness. In this respect, the new industrial policy model must ensure that:

    1. Minimum wage setting is in line with productivity gains and properly takes into account its effect on employment.

    2. Company level agreements continue to take precedence over collective ones as established by the reforms implemented in 2011 as part of the country's effort to regain competeveness. The economic realities of companies may differ substantially and, in this sense, the extension of

sectoral agreements may actually lead to job losses and hamper companies' efforts to successfully restructure.

3. Compulsory arbitration is only used in exceptional cases in line with the Council of State decision No 2307/2014. Otherwise, social partners should be allowed to negotiate freely amongst themselves without the possibility of unilateral recourse to arbitration which is contrary to ILO Conventions 98 and 154 as well as Recommendations 92 and 163.

- Apart from the institutional framework for setting minimum wages, it is important to enlarge the scope of social dialogue and in this respect, SEV has made a number of proposals for the 2018 National General Collective Labour Agreement which include, amongst others, the establishment of an Occupational 2nd Pillar Social Security Funds as proposals for restarting businesses and rescuing jobs.

- Sustainable employment and sustainable increases in incomes will only come if the country places its economy on a different footing. Experience in other advanced countries has shown that the presence of an effective industrial relations system can serve a valuable tool for stable and healthy job markets. This is SEV's aspiration for Greece in the post-programme era.

Activation and Enhancement of Social Dialogue with cutting edge issues and priorities

In the rest of Europe (especially Western Europe, from which we usually draw positive standards) social dialogue takes place in an institutionalized, systematic and meaningful way and is an integral component of countries' tradition, economic success and prosperity. Even though each country has its own specific tradition, their common point of reference nevertheless is that social dialogue has enabled the establishment of a social model where all parties accept to shoulder the burden of adjustment during difficult economic times to bring about a recovery. We must move in a similar direction.

In Greece, social dialogue has not developed sufficiently, and during the economic crisis, it actually declined. At the beginning of the 1990s, the dialogue was continuous, with an agenda beyond wages, such as our joint initiatives in education, vocational training and health and safety at work. During the crisis, however, social dialogue declined dramatically. This is the case not only for bipartite bilateral dialogue, but also tripartite dialogue with the state.

In November 2015, the institutional social partners issued a policy paper on strengthening the effectiveness of the tripartite social dialogue and identified the following issues as structural weaknesses:

1) Fragmentation of existing structures, i.e. 24 national structures of tripartite social dialogue that were institutionally fragmented.
2) Very often, a substitution of the tripartite social dialogue with informal ad hoc social dialogue initiatives that have been characterised by a lack of coherence and continuity.
3) The formulation of the legislative reform agenda by international institutions in cooperation with the Greek government very often without the involvement of the social partners.
4) Most tripartite National Councils, Political Committees, e.g. National Employment Committee, served primarily public relation purposes and were used as publicity platforms for government policies, not as instruments of social dialogue.

In particular, the tripartite bodies under the jurisdiction of the Labour Ministry, instead of playing a more substantial role, were characterised by very significant weaknesses. These include the lack of:

- assessment based on international principles and criteria of international organisations such as the ILO preparatory work and consultations,
- confidentiality on the issues under discussion,
- a mechanism for monitoring the implementation of decisions,
- feedback on the adoption of the proposed proposals,
- regular evaluation of their work.

The need to tackle these issues was addressed by the President of SEV in his letter to the Presidents of the national Social Partners that conclude the EGSSE in view of the start of the 2018 negotiations.

Our overarching principle is that policies should promote the international competitiveness of productive sectors, also in relation to labour relations and the labour market.

This requires radical changes in the policy agenda and the behaviour governing the social dialogue and collective bargaining processes at national and sectoral level.

This should not entail simply avoiding a backtracking of labour reforms during this critical transition period.

What is actually needed is a revival of the social dialogue process and the enriching of its agenda that will allow us to make positive steps forward and deal with traditional but also new issues that may arise.

Our aim is to highlight, call attention to, contribute and cover the need for labour market and employment relation reforms based on national consensus, planning and, above all, ownership.

It is in this context that, in December 2017, we invited the other national social partners from both the employees' (GSEE) and the employers' side (SETE, GSEVEE, ESEE) to include in the then forthcoming bargaining round for the 2018 National General Collective Agreement (EGSSE) issues that may lead to a joint work programme and policy initiatives.

The proposed agenda included issues such as:

- Occupational pensions fund - 'Second pillar' provision
- Restarting businesses – saving jobs

- Guidelines for effective collective bargaining
- Reform of the compulsory arbitration system
- Setting up a permanent forum for tripartite social dialogue

and proposals to undertake joint projects on:

- The Future of Work (related to the ILO Centenary initiative)
- Vocational Training reform and upgrade.

The good news is that most of these issues have become part of the 2018 new EGSSE agreement.

Only the topic of reforming compulsory arbitration has been left aside. This is due to opposition from the employees side (GSEE) that, first, supports the system of compulsory arbitration in Greece and, second, seeks to avoid any radical change in the current system, which remained a pending issue in the 4th evaluation of the 2015-2018 adjustment and support programme for Greece.

This does not come as a surprise, given that an agreement to work on reforming compulsory arbitration would have undermined the then, during the first semester of 2018, intensive efforts of the government to preserve and support the status quo on compulsory arbitration. The aim of both sides (government and the trade unions) has been that compulsory arbitration remains untouched after the completion of the pending 4th evaluation of the 2015-2018 adjustment and support programme for Greece.

SEV has the same view with that of the ILO, i.e. that compulsory arbitration is clearly contrary to ILO Conventions 98 and 154 and Recommendations 92 and 163. Supporters of the Greek compulsory arbitration are currently citing the decision of the Council of State No 2307/2014. This can, however, also be interpreted, and implemented, in a manner that is compliant with the ILO Conventions. To achieve this compliance, the scope for compulsory arbitration should be reduced to "essential services" only, and in cases where "social peace" is endangered.

One additional issue has been added to the joint work programme of the 2018 agreement, and refers to the implications of climate change and the transfer to a low carbon economy, the related implications in terms of jobs and skills requirements and the involvement of social partners in that process.

Specifically:

- **Occupational pension fund - 'Second pillar' provision**

The aim is to create an additional, reliable, safety net for pensioners. To this end, the contracting parties will set up a technical study group which, after presenting the situation and examining best practices, will recommend to the boards of the social partner organisations the following:

i. Which are the desirable points for improving the legal/institutional framework for occupational pension funds.

ii. Which could be the shape of a new National Occupational pensions fund to support those categories of people that are expected to have the most need of additional income when retiring.

iii. Which could be the conditions for financing such a fund, taking into account the current economic constraints both on the part of employees and employers (in particular, constraints like the high non-wage labour costs and the high tax wedge).

Following the conclusions of the study, the leaders of the national social partners will meet within a reasonable timeframe to decide on the next steps.

- **Restarting businesses – saving jobs**

The contracting parties will consider launching a pilot action that will mobilise funds, know-how and people from international financial institutions and from the private sector.

The parties will set up a joint technical study group to start a pilot initiative to mobilise market forces inside and outside the country, creating the conditions for the recovery of overindebted companies after their appropriate restructuring. The technical study group will deal with the following issues:

i. setting the framework for the supporting infrastructure (institutional, operational) and further specifying the exact subject of intervention,

ii. seeking technical and financial support from entrepreneurs and labour bodies, in particular International Organisations (EIB / EIF, EBRD, ILO, etc.);

iii. identifying funding sources for the economic relaunch on a pilot basis, in addition to state funding.

iv. proposing principles, rules and procedures that will protect this initiative and its imitators from moral hazard and ensure the sustainability of jobs.

The role of the national social partners is not to manage the financial resources or individual restructuring cases. It is to create such an initiative with private and international capital and with a private economic function, to set the rules that will ensure better protection of sustainable jobs, better protection against distortions of competition and the avoidance of state intervention. Moreover, the social partners will monitor compliance with these rules in the operational phase and, after the successful implementation of the initiative for a sufficient period of time, will seek to mobilise market forces in order to multiply initiatives of this nature in the future.

- **Guidelines for effective collective bargaining**

The parties will set up a technical study group to recommend to the administrations/management of their organisations by autumn of 2018 the required steps to ensure that the social partners have access to:

- the necessary available and reliable information and data from sources such as ERGANI (the employment and labour inspectorate register and information system), EFKA (the social security fund), ELSTAT, etc.,

- measures to strengthen bona fide collective bargaining, taking into account the ILO texts (International Labour Conventions, Recommendations, the Istanbul Declaration 2017, the study on productive jobs in Greece 2014) and the Joint Declaration of European Social Partners in Gothenburg.

- **Demand for the Labour Ministry to Activate a Tripartite Consultation Council**

One specific item of the agreement refers to a request from the government to activate a Tripartite Consultation Council, in order to meet the country's obligations for consultation, as provided in the International Labour Convention no 144 concerning the “Tripartite Consultations to Promote the Implementation of International Labour Standards” which has been ratified by our country under Law 1176/1981.

This aims at strengthening the ongoing tripartite consultation and systematic tripartite social dialogue, providing thus a permanent floor for social dialogue that has been missing during the adjustment programme period given that the current government has been unwilling to be involved in tripartite social dialogue concerning key aspects or employment relations and labour market policies.

Joint projects

During 2018, the parties will take initiatives to jointly address the following two strategic issues for the Greek economy and society:

• The Future of Work

• Vocational Training

For the Future of Work issues, as proposed by the International Labour Office, an initiative will be undertaken to conduct a structured bilateral consultation. For vocational training issues, which are crucial for the return of the productive base to a sustainable development path and a consequent increase in jobs, the issue of funding professional vocational and inter-company training for workers will be considered, and alternatives for the more efficient operation of LAEK, the national vocational training programme.

Social Dialogue and Collective Bargaining to Contribute to Productive Transformation

The recording of these parameters as issues of social dialogue and collective bargaining for the EGSSE 2018 implies that the debate on an operational system of industrial relations within the framework of a new integrated employment strategy to support the new production model of "internationally tradable" goods and services in Greece, is widening with issues beyond the narrow definition of the minimum wage, including the essential criteria for determining wages. As the institutional framework for determining the minimum wage has been revised and remains in place, this will then redefine the relationship between the national minimum wage and the minimum wages in sectors and enterprises.

Resistance from the outset to the implementation of structural reforms in product and service markets as well as in the operation of the state has undermined the economy's non-wage competitiveness and private sector employment.

In this process, mistakes of the past must not be repeated. In the period 2000-2009, Greece raised both the minimum wage and the earnings in the economy as a whole, at an average rate that exceeded productivity growth, the economy's non-wage competitiveness and the inflation rate of the Eurozone and Greece. The percentage increases in the National General Collective Labour Agreement (EGSEE) were viewed as a starting point for additional increases at sectoral, professional and operational level, as a result of the skewed system of arbitration (through the decisions of the Mediation and Arbitration Organisation - OMED - where a significant part of the collective negotiations ended up). Paradoxically, this resulted in the the country continuing to increase its minimum wage until 2011 even though GDP was collapsing and the country was cut off from international markets.. Only in 2012 the minimum wage was reduced by 22% through the legislative initiative of the government, and as a fulfillment of key prerequisites of the adjustment programme.

It is against this background that the crisis led initially to a major decline in employment in the private sector due to the serious uncertainty created by failed political attempts to manage an essentially fiscal problem. Resistance from the outset to the implementation of structural reforms in product and service markets as well as in the operation of the state had undermined the economy's non-wage competitiveness and private sector employment. These trends in employment rates were only postponed when an unfortunately inevitable correction was made to the minimum wage that had a visible effect on average wages. Hence, those who say 'we are against the 'Balkanisation' of wages' should also add "and that's why we need to implement profound structural reforms to modernise the state and open our markets".

The starting point of this debate should be, on the one hand, the 131th International Labour Convention on the interconnection of employment with productivity and, on the other, the actual decoupling of minimum wage setting from the procedures for determining and changing wages at company or sectoral level, which should be shaped by the parties based on the capabilities of companies and sectors.

The lessons of the pre-crisis and current period have demonstrated the need to incorporate into the new holistic employment strategy a discussion on an operational system of industrial relations that will support a new production model for Greece and include the necessary essential criteria for determining the minimum wage and the institutional framework for its definition. The starting point of this debate should be, on the one hand, the 131th International Labour Convention on the interconnection of employment with productivity and, on the other, the actual decoupling of minimum wage setting from the procedures for determining and changing wages at company or sectoral level, which should be shaped by the parties based on the capabilities of companies and sectors.

As Greece is preparing for the post-programme support era, we need to pose ourselves the following critical question that is directly linked to the limited production of "internationally traded" goods and services in Greece: how can a country that has been through a support programme have a minimum wage that is more than double of that of Greece (€ 1,563 in Ireland), while another that also been through the same process have, on a 12-month basis, a minimum salary of 650 euros (Portugal, as mentioned in the relevant article) – which is actually lower than Greece's? Analytical documentation for an effective response to this crucial question is included in the Appendix to this document, which analyses the issues related to the new system of minimum wage setting, their role as a tool for the exercise of economic and social policy, Greece's comparative position vis-à-vis other EU Member States and the correlation between the minimum wage and employment rate.

In addition, all of this is related both to the relationship between full-time and part-time employment, and undeclared and under-declared employment, for which the social partners already cooperate effectively under the auspices of the International Labour Office. Therefore, it should be mandatory to focus on boosting employment and avoiding distortions that excluded workers from the formal labour market and push them into undeclared and under-declared work.

In the context of a new framework for wage setting and an operational system of industrial relations that will fit into the new integrated employment strategy to support a new production model in Greece, we need to further look at the correlation between changes in minimum wages with changes in the economy's wage structure and changes in average wages.

In any case, we have to disconnect the changes in the minimum wage from changes in conventional wages and from collective bargaining at the level of enterprises and sectors. Provided they comply with the existing national minimum thresholds, companies and sectors must shape their wages on the basis of their specific circumstances.

This means that increases in the minimum wage should not be seen automatically as a starting point for wage increases at the sector or company levels. This not only concerns the direct collective bargaining between parties but also the operation of the third pillar of collective bargaining, i.e. the Mediation and Arbitration Organisation – OMED (since 2014, it also includes the role of courts examining appeals against decisions of OMED, whose decisions generate secondary legislation).

This means that when the minimum wage is adjusted, this percentage increase should not automatically be transferred as a starting point for sectoral and company-level increases. This concerns direct collective bargaining between the parties and the functioning of the third party in direct collective bargaining, in this case the Mediation and Arbitration of OMED (the latter only applies after 2014 and relates to the role of the courts which examine appeals against arbitration decisions' of OMED, through which jurisprudence is created). It also means that, for as long as the minimum wage remains at its present level, and regardless of this, businesses and industries can adjust their own wages by free collective bargaining. As long as we are still on the first tentative signs of GDP stabilization, priority must be given to creating new jobs In order to reduce widespread unemployment, and it is not a priority and a viable option to bring the nominal minimum wage back to 2010-2012, as it is very likely that this will burden the growth rate of employment (and increase the phenomenon of undeclared and under-declared work).

While we are still on the first tentative signs of GDP stabilisation, priority must be given to job creation in order to reduce widespread unemployment. Bringing back nominal minimum wage to 2010-2012 levels is not a viable option and may actually slow down the rate of increase in employment (and increase incidences of undeclared and under-declared work).

Here, it is worth noting, that SEV does not support reductions in the minimum wage, a claim that is made incorrectly and that is attributed in bad faith to our organisation. Small and medium-sized and large companies in the sector of "internationally tradable" good and services, (in particular manufacturing), generally pay higher wages than the legal minimum, and in middle and large companies, wages are actually on average twice as high as small businesses, and the majority provide a safe work environment that offers the possibility of professional development. But these companies unfortunately, still today, are a relatively small part of the Greek economy and with a small footprint in the employment structure.

Currently, priority needs to be given to a reduction of the tax and social security burden of wage labour in the private sector in order to increase the disposable income and net minimum wage. Leaving the nominal minimum wage unchanged until the establishment of the new system for defining it has been formulated and implemented, does not bind conventional wages and salaries and collective bargaining at company and sector level. These negotiations should shape their own salaries by taking into account the conditions of each enterprise and each sector, not by linking them to the setting and changes of the national minimum wage as in the past.

At present, priority needs to be given at reducing the tax and social security burden of salaried labour in the private sector, in order to increase both the disposable income and net minimum wage.

An issue of priority that also needs further consideration and debate, within the framework of the tripartite dialogue on minimum wage but also the wider social dialogue for a new integrated employment strategy to support a new production model in Greece, is the impact of non-wage labour costs and the "tax wedge" on employment as a whole but especially to newcomers in the labour market and those who are earning wages close to the minimum wage. Consideration should be given in particular to an increase in the disposable income of employees through a reduction of the "tax wedge".

According to OECD figures, the "tax wedge" in Greece in 2016 is 32.6%, slightly above the EU average (32.2%). The potential increase in income tax also for low wage earners in view of the widening of the tax base will push the tax wedge even higher. And, this number masks a) that the tax wedge for low income earners is kept at a relatively high level in spite of the zero income tax because of the high social security contributions, and b) that the average wage is kept at relatively low levels exactly because of the fast rising progressivity of the income tax after a certain level. As a result, it is essential to explore ways to reduce the tax burden on labour and the "tax wedge’’ both for low wage earners and for private-sector employees altogether.

In addition, all of this is related both to the relationship between full-time and part-time employment, as well as undeclared and under-declared employment, where the social partners are already cooperating effectively under the auspices of the International Labour Office. Therefore, this relationship must be examined through the prism of boosting employment and avoiding distortions that cut off workers from the formal labour market and lead them to under-declared and undeclared work.

We need to undertake radical reforms to keep the Greek economy in a positive trajectory so that Greece does not end up as a low-productivity, low-skills and low-wage country.

To summarise, we emphasize that our economy in the post-programme support period needs to carry out reforms in the areas of employment, labour market and industrial relations, domestic planning and this requires, above all, ownership of the reform this agenda.. We need to undertake radical reforms to keep the Greek economy in a positive trajectory so that Greece does not end up as a low-productivity, low-skills and low-wage country. This also requires, inter alia, an appropriate framework for the functioning of the labour market and the regulation of industrial relations. There is also a need for an appropriate framework for social dialogue between employers and workers which, in principle, is central to this process and needs to be broadened by other issues beyond the narrow definition of the minimum wage. These are the 7 issues that are proposed for discussion in the forthcoming meetings of the 2018 EGSSE negotiations and it is an opportunity to activate and strengthen the Social Dialogue with cutting edge and priority issues for the years to come.

Appendix. Facing the new Minimum Wage setting system

Greece belongs to the 22 EU Member States that had and has a national minimum wage system. Based on the provisions of Law 4172/2013, the level of minimum wage level will be determined by legislative act after the end of the fiscal adjustment programs. The government will decide on the level of the minimum wage after consultation with the social partners and taking into account the opinion of expert research bodies.

Out of the 21 other EU Member States applying national minimum wage systems, only Belgium has a similar to the one which existed in Greece till 2012, where the national social partners have a central and powerful role in the agreement, but are guided nevertheless by predetermined indicator/criteria, with the national minimum wage being ultimately determined by a government legislative act.

The provisions of Law 4172/2013 should be the subject of a social dialogue to improve its implementation, drawing on European experience as described by specific basic parameters **(F1)** and international experience of modern collective bargaining systems. Moreover, there is a need to   balance the role of the government, the social partners and the experts with respect to both the process and the criteria for determining the national minimum wage.

Minimum wage setting systems in the EU Member States vary and in Table **(F1)**, drawn up by the European Commission services, Member States are classified on the basis of what is considered the central feature of each national practice. Out of the 21 other EU Member States applying national minimum wage systems, only Belgium has a similar to the one which existed in Greece until till 2012, where the national social partners have a central and powerful role in the agreement, but are guided nevertheless by predetermined indicator/criteria, with the national minimum wage being ultimately determined by a government legislative act.

<table>
<tr><td rowspan="7">Statutory minimum wage</td><td rowspan="5">Institutionalised decisions</td><td>Bilateral/ social partners experts-led process</td><td>Germany</td></tr>
<tr><td>Gov't following tripartite consultations process</td><td>Hungary, Lithuania, Latvia, Portugal</td></tr>
<tr><td>Gov't after consulting social partners</td><td>Spain, Croatia, Romania</td></tr>
<tr><td>Bipartite/tripartite negotiations possible, else government decides</td><td>Estonia, Poland, Slovakia</td></tr>
<tr><td>Independent expert-led process</td><td>Greece, Ireland, United Kingdom</td></tr>
<tr><td>Indexation</td><td></td><td>Belgium, France, Luxembourg, Malta, Netherlands, Slovenia</td></tr>
<tr><td>Non - institutionalised decisions</td><td></td><td>Bulgaria, Czech Republic</td></tr>
<tr><td colspan="2">Non- statutory minimum wage</td><td></td><td>Austria, Cyprus, Denmark, Finland, Italy, Sweden</td></tr>
</table>

F1. Role of the government and other actors in the decision-making process. *Source: "Labour Market and Wage Developments in Europe 2016", European Commission, p.76, table II.1.*

Minimum wages as an instrument of economic and social policy

The 131 International Labour Convention of 1970 on determination of the minimum wage deals with the mechanisms for introducing a minimum wage system that applies holistically. Even though Greece has not ratified the 131 ILC, it has implemented and applies a system of setting a national minimum wage that has a general scope, as in the other 21 Member States of the EU.

According to the International Labour Convention (ILC), the two main reasons for adopting a minimum wage are to ensure that:

1. Vulnerable groups of employees are protected and are treated by employers in a uniform manner.
2. Workers have a minimum standard of living.

Accordingly, the ILC states that the elements to be taken into account in determining the level of minimum wages should, as far as possible and according to national practice and conditions, include:

1. The needs of employees and their families, taking into account the general wage level in the country, the cost of living, social security benefits and the relative standard of living of other social groups.
2. Economic factors, including the requirements for economic growth, productivity levels and the feasibility of achieving and maintaining a high level of employment.

The effects of changes in minimum wages on employment at international level remain a controversial subject among economists. Depending on the adopted theoretical approach about how the labour market works, different effects are expected from an increase in the minimum wage.

The most important effect and, by extension, one of the main criteria to be taken into account in determining the changes in the minimum wage is their impact on employment and, in particular, on the most vulnerable groups in the labour market.

When labour markets operate under conditions of strong competition (which actually appears to have intensified, in countries with relatively weak education systems and an emphasis on the use of unskilled labour such as Greece), then the result of an increase in the minimum wage may actually be the displacement of employees dealing with marginal economic activities as a result of pressures coming from developments in the global economy. In fact, such phenomena have been repeatedly documented in empirical research.

On the other hand, because labour is not a commodity and labour markets have as underlying subjects human beings, whose behavior is influenced by the notion of social justice and the ability of companies to pay wages, labour markets do not work like product markets even if they are characterised in strictly economic terms by "frictions" and "imperfections". As a result, reasonable increases in minimum wages may not have significant negative effects on employment, as has well been confirmed by several empirical studies, particularly in developed countries.

These effects have to be carefully considered given that the minimum wage is only one of many tools that every government should have at its disposal when it plans and carries out economic and social policy.

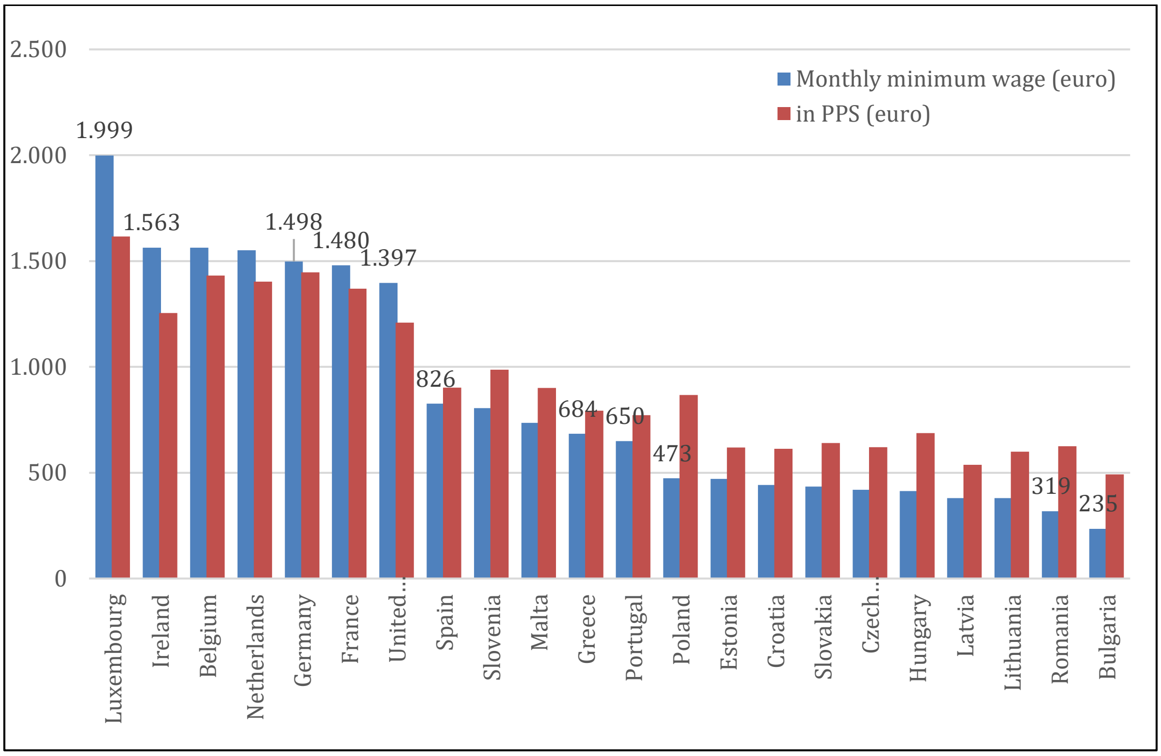
To the extent that the increase in the minimum wage leads to undesirable effects, such as, for example, the exclusion especially of groups from disadvantaged backgrounds from the labour market, or the formal labour market (indicatively, low-skilled people), it is important to ensure that the minimum wage works in a complementary manner to other tools such as active employment policies, support for working parents, vocational training and life-long learning, interconnection of education with the labour market, tax policy planning, non-wage labour costs and the tax "wedge" and the minimum guaranteed income (in addition to the "social solidarity income"). It is also linked to encouraging job creation in the private sector through the adoption of appropriate policies that play an absolutely crucial role. Indicatively, these policies must ensure:

- that the product and labour have sufficient flexibility to allow for increased productivity and the introduction of innovation, and thus encourage the creation of new jobs,
- that taxation (including social security contributions) does not impede growth and the ability to attract, retain and reward productive work and talent,
- that the cost of administrative procedures and related uncertainties remain low,
- that access to financing supports economic activity and productive and export-led growth.

In this context, other social policy tools should be used, in order to limit any negative effects brought about by raising the minimum wage, encourage a shift of as many employees as possible to salaries above the minimum wage and simultaneously achieve the pursued socio-economic objectives in a sustainable and sustainable way.

The Minimum Wages in Greece and other EU Member States

The latest available published figures for minimum monthly wages for 22 out of 28 EU countries which have set a minimum wage (with the exception of Denmark, Italy, Cyprus, Austria, Finland and Sweden, **F2)** refer to July 2017. Based on the minimum wage, countries are classified in three groups (less than 500 euros, from 500 to 1,000 euros and 1,000 euros or more). Based on this ranking, Greece holds the 12th position in the middle of the second group.



F2. Monthly minimum wages E.U.-28 (1.7.2017). *Source: Eurostat*
** annual salary adjustment per month (average salary income of 14 salaries in 12 months)*

An analysis of Eurostat data shows that, compared to 2008, the minimum wage in 2017 is higher (expressed in euro) in every single Member States with the exception of Greece, where it is lower by 14%. This comparison takes as its starting point the outbreak of the international economic crisis in 2008.

Surprisingly, after the onset of the international crisis and the beginning of Greek one, in 2008, minimum wages in Greece further increased between 2009 and in 2011 through the EGSSE that was agreed between the institutional social partners at that time. Then, in 2012, they were reduced by 22% through a legislative act that was a key precondition if the adjustment programmes. This leads to a 14% decrease between 2008 and 2017. This divergence compared to all other countries can be explained by developments in the country before and during the crisis.

First of all, the country was a unique and exceptional case for the period 2000-2011 in terms of the growth rate of its minimum wage. The correction of the minimum wage in 2012 was then chosen as a method for adjusting general wage levels, but this was an inevitable consequence of the irrational wage trend observed over the period 2000-2011 and within the framework of conditions determined by an economic and monetary union (Eurozone).

In order to keep its competitiveness at least at stable levels, an economy that is a member of a monetary union has to increase its wage level according to the monetary union's medium term inflation rates, simultaneously ''correcting'' this increase upwards or downwards based on the differential change (in relation to partner countries) of productivity in the area of "internationally traded" goods and services. However, since this is not easy to calculate this in a timely fashion, wage growth may be considered based on the monetary union's medium term inflation rate, but in close association with foreign trade movements. To put it simply, if the external balance is deteriorating, this must be perceived as an erosion in international competitiveness, which will sooner or later lead to a domestic loss of productive jobs which will subsequently be created in other competitive countries.

In Greece, this rule was completely ignored in the period 2000-2010. Had the Greek minimum wage in 2000 been following Eurozone inflation since 2001, it would have been € 575.07 in 2011 instead of € 751,39. The Greek minimum wage (whose starting point in 2010, excluding bonuses and allowances was € 739.56) had not just simply followed domestic inflation. If that had been the case, in the form of a yearly indexation update, in 2010 it would have been € 639.14 euros. If it had taken into account (in the midst of bankruptcy and the bail-out) the increase in Greek inflation, it would have reached € 658.95. It had, however, cumulatively exceeded it, reaching € 751.39.

By attempting to converge with wages offered in the most developed countries in the euro area, at a rate that even exceeded domestic inflation, and without the corresponding background in the real economy that could support these increases, the Greek minimum wage reached levels that were actually higher than e.g. Portugal and Spain. All this, while, even before the crisis, the country's tax, institutional and regulatory framework was leading to a gradual shrinking of the country's manufacturing sector in the "internationally traded" sector and consequently the supply of such jobs. In 2011, on a twelve-month basis, the Greek nominal wage was 877 euros, compared with 566 in Portugal and 748 euros in Spain (at purchasing power parity rate, the Greek nominal wage was 917 euros, compared with 646 euros in Portugal and 774 euros in Spain). In this context, the 2012 correction was inevitable, and even after this, the minimum wage in Greece remains today higher, for example, than Portugal's, which has already come out of its stability support programme in 2014.

The crisis, the minimum wage and the evolution of wages and salaries in the private sector

As a result of irrational growth rate of the minimum wage during the period 2000-2011, which actually served as a basis for an informal wage policy for the economy's private sector, and for additional increases in the public sector entities and utilities, the labour market in the private sector had become particularly vulnerable when the crisis broke out.

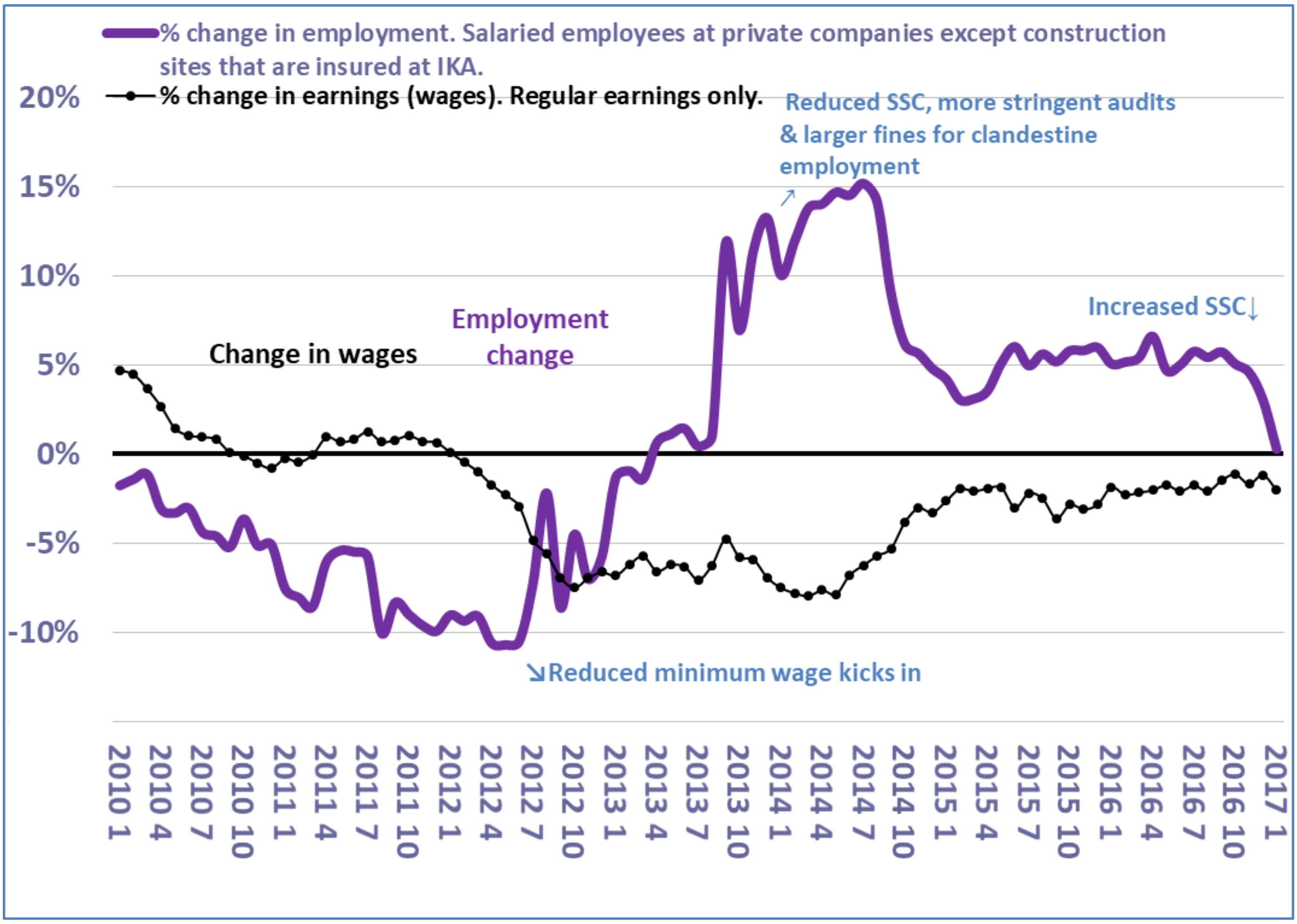
Thus, the 2012 adjustment was a correction to this large increase that had occurred during the previous years and which did not reflect similar developments in non-wage competitiveness and the economy's overall productivity of, which could have supported a sustainable increase in Greece's minimum wage, but also average earnings, within the Single Market and the euro area.

This situation was exacerbated by the extra burden imposed by the crisis and its management on productive activity, and consequently on private sector employment, with factors ranging from uncertainty and difficulty in accessing finance to increases in taxation and, of course, a decrease in demand, which has exerted a considerable pressure on the labour market in the private sector.

The combination of a high minimum wage and the aforementioned developments resulted in a reaction in the labour market, manifested by an accelerated decline in employment during the period 2010-2012, while the average wages, as recorded by IKA, increased slightly or at least remained constant due to the institutional framework which limited their flexibility to adapt to the rapid economic collapse that was taking place. The reduction in the minimum wage and the other labour market reforms that came into force in the beginning of 2012 for new recruitments, and gradually from the summer of 2012 also for existing contracts of employment, shifted the adjustment from employment to wages. This happened under the continuing pressure of the country's socio-economic reality of low non-wage competitiveness, over-taxation, exclusion from financing and the country's general weakening despite the reform steps that have been recorded in several international surveys **(F3 & F4).**

The pressures to adjust wages downwards were the result, first and foremost, of the large increases in pre-crisis times, which were inconsistent with the stagnation of country's non-wage competitiveness caused by the lack of reformist zeal and the inability to institutionally upgrade the country in a decisive manner. This mismatch was then reinforced by the consequences of the unfortunate political and economic management of the crisis in our country.

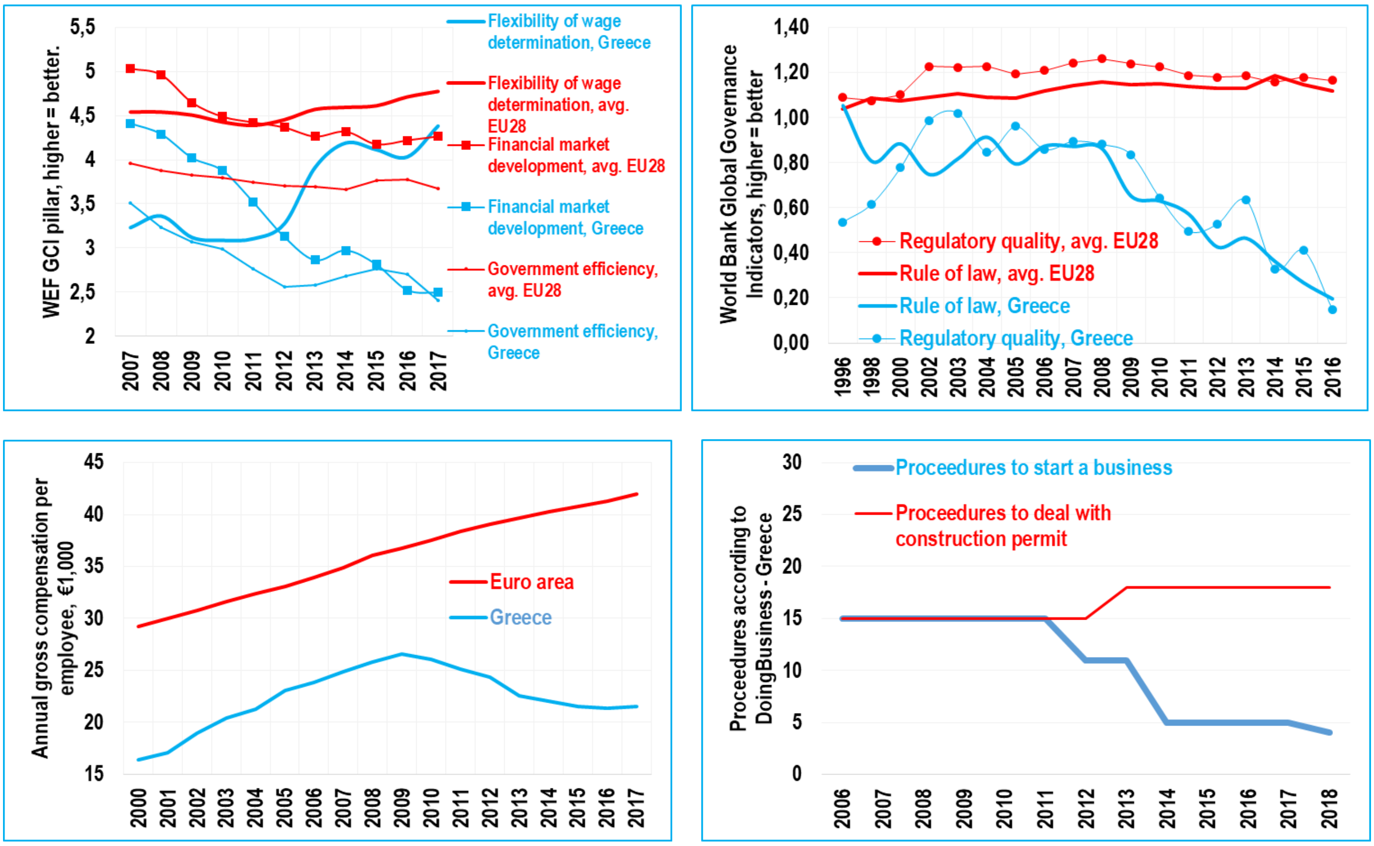
Subsequently, and mainly as a result of the partial decline in extreme uncertainty, job creation started to recover at a relatively faster pace than GDP, mainly through lower wages and the more widespread use of part-time employment in smaller businesses. These trends were further strengthened in conjunction with the reduction of social security contributions and the strengthening of labour market supervision mechanisms to limit undeclared and under-declared work.



F3. Progress of IKA (from 5/2016 EFKA) insured employment and average full-time wage. *Source: IKA/ EFKA. Wages are gross wages, with employee social security contributions (SSCs) but not employer SSCs.*

At this point, it should be stressed that, while the downward adjustment of wages is undesirable, it is nevertheless preferable, in extreme cases of crisis and economic collapse like those experienced in Greece, to have a wage adjustment that reduce salaries but, at the same time, allows employment to stabilise and gradually increase. This protects more workers from the risk of unemployment, long-term unemployment and a loss of skills.

On the contrary, the extraordinary (temporary and unsustainable) preservation of earnings for some, coupled with a total loss of income for those are end up being laid off, condemns a significant portion of the population to long-term unemployment. This policy, in acute crisis conditions, only favours the labour market' insiders' i.e., those who maintain their job, and not the vulnerable groups of the population looking for work and who are affected by social and professional exclusion.



F4. Remuneration and non-wage competitiveness: Reducing earnings, decrease in the quality of regulation and the rule of law, increased wage flexibility, but exclusion of firms from financing and a decrease in government efficiency. Progress in business start-ups but also increasing bureaucracy in the transfer of property at the same time that other countries are making faster progress. *Source: AMECO, European Commission, for gross earnings (annual employer costs). Global Governance World Bank Governance Indicators. WEF: Global Competitiveness Index sub-indices World Economic Forum. Doing Business, recording business start-up and transfer of property from relevant sub-indexes.*

How high should the minimum wage be?

A starting point for reflection and meaningful discussion should be, as mentioned above, thinking about the question why a country that has also gone through a stability and adjustment support programme can have a minimum wage of € 1,563 (Ireland) - more than double that of Greece, while that of another country which has been through the same experience (Portugal) be € 650 (Portugal) – less than Greece. The reality is that the level of minimum wages and, more generally, the level of wages in an economy is linked to its productive capacity and its productivity. And especially with the economic sector of "internationally traded" goods and services.

An economy's endogenous growth potential is inextricably linked to the strength and resilience of the 'internationally traded' goods and services sector: it enables the economy to increase its per capita production capacity and is a critical parameter for the introduction and support of a new production model in Greece. Moreover, it is the factor that allows wage increases to be determined in line with the country's competitiveness.

The minimum wage must be high enough to make work attractive, but at same time, it should not discourage recruitment. That is why a systematic and impartial empirical investigation is needed to document the impact of minimum wages on employment in each country and for every period.

In this context, the minimum wage also plays a crucial role: it must be high enough to make work attractive but, at the same time, not discourage recruitment. That is why a systematic and impartial empirical investigation is needed to document the impact of minimum wages on employment in each country and for every period.

When considering the level of the Greek minimum wage, we should also take into account that the starting minimum wage of an unskilled worker is not the same as the actual wage of an unskilled worker, due to the system of salary increments whereby workers get automatic increases every three years. It should be noted that the system of allowances and increments for determining minimum wages applied in Greece represents the exception, rather than the rule, in Europe and the OECD.

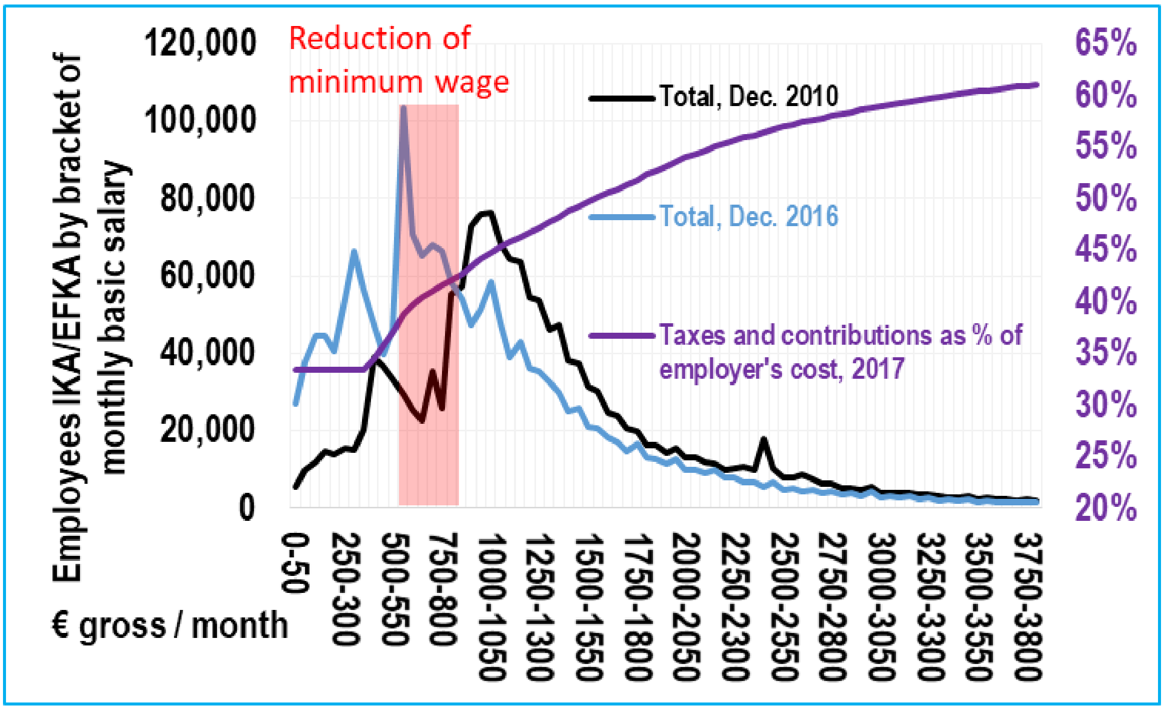
For example, according to the Labour Force Survey (LFS) data concerning the duration of service of employees in 2006, it can be deduced that when the starting minimum wage of unskilled workers on 1.1.2006 is € 608.32 and on 1.9.2006 € 625.97, then the average minimum wage set on a 12-month basis is € 716.57. During the same period, the corresponding effective weighted minimum wage is € 871, and this figure is probably underestimated as it only includes years worked at the same employer and not previous services to other employers, which is also taken into account in determining the minimum wage. At the same time, according to IKA data, the average monthly salary for all its insured persons is about € 1,238. (These figures are derived by calculating 14 yearly wages on a twelve-month basis). In other words, the actually paid minimum wage amounts to about 70% of the average private sector wage.

A critical element that should be taken into account when setting the minimum wage, and the limit within which its changes should be defined, so that the state can also consider adopting alternative social policy tools, beyond its direct intervention in minimum wage setting, is:

1. The existing distribution of employees in the formal and informal labour market.
2. The number and distribution of citizens outside the labour market.

Overall, we see **(F5)** that there is a large number of employees who have shifted from the minimum wage applicable in December 2010 to that applied in December 2016. A return of the minimum wage to pre-crisis levels may actually affect this group either by displacing them from the labour market, or by applying pressure to shift them to under-declared or even completely undeclared work.

We also observe that the concentration of employees at levels close to, and at best, slightly above the minimum wage, which is the result of the very progressive nature of the Greek taxation system burden, not only has remained stable but in fact has increased at a time when social security contributions, the main non-wage 'burden' on salaries close to the minimum wage, also increased since the summer of 2016.



F5. Distribution of insured employees at IKA/EFKA according to DPS declared December of year. Taxes and contributions as % of employer's cost (right scale). *Source: IKA/EFKA, Greek laws on taxation and social security contributions as they applied to selected time periods. Gross wages include employee, but not employer, social security contributions, and employer's cost includes both.*

In 2016, the combined impact of high taxes, social security contributions and a high rate of progressive taxation, remains as strong as the pre-2010 period, 'squeezing' a significant number of wage earners around the (reduced) minimum wage and, thus, rendering these jobs vulnerable to a return to 2011-2012 levels.

The structure of the tax and social security system in Greece creates disincentives for employment, and not just for the low-wage, and the low-skilled employees. It also contributes to the increase in the number of workers exposed to the potentially negative impact of an increase in the minimum wage at levels above the equilibrium. And for skilled labour, it creates barriers to attracting and rewarding their skills and talent.

At the same time, Greece remains the EU country with the lowest proportion of employed people aged 15-64, attesting not only to high unemployment but also to high levels of economic inactivity. This, in turn, is reflected in our country's disproportionately unfavorable performance compared to other EU countries, in the employment of young people and women, which confirms the country's inability to integrate particularly vulnerable groups into the labour market.

This reality should therefore be taken into account when choosing appropriate policy tools, i.e. the minimum wage vs other alternative tools of economic and social policy.

Greece remains the EU country with the lowest proportion of employed people aged 15-64. This reality should therefore be taken into account when choosing appropriate policy tools, i.e. the minimum wage vs other alternative tools of economic and social policy.

The impact of the Greek minimum wage on employment in the private sector in recent years

To further investigate the impact of the minimum wage in Greece, we examined whether the minimum wages, as they have evolved over the past fifteen years, affected positively or negatively the employment of private sector workers in the Greek economy, relying on data of insured workers at IKA. To this end, we used mainly published data on the number of employees and average wages of IKA, which, combined with the evolution of minimum wages, allow us to systematically examine this question for all employment and for individual categories of workers.

By employing estimated multivariate employment deduction models for women and men between January 2003 and April 2016, we can conclude that there is a negative correlation between the minimum wage and their employment.

The estimated multivariate employment deduction models for men in the period January 2003 - April 2016 **(F6)** show that the change in the minimum wage is significantly and negatively related to their employment. For this period, the elasticity of employment relative to the lowest relative wage (Kaitz Index, bottom / average) is -0.15.

This suggests that a 10% increase in the minimum wage may result in a 1.5% reduction in male employment. Given that the average employment of men in IKA operations during the period under review is approaching

900 thousand, this is equivalent to a loss of approximately 14,000 jobs over the medium term. The corresponding job losses for women, whose employment is characterized by significant employment elasticity (-0.16) with respect to the minimum wage, is estimated at 13,000 jobs.

The same functions also show a statistically significant and quantitatively significant negative correlation between the changes in average wages and the employment of both men and women by a factor of -0.29, suggesting that for the period in question, increases in average wages burdened the employment opportunities in the country's private sector labour market, or alternatively that labour demand in the private sector of the Greek economy displays a high elasticity with respect to average salaries.

The significant wage correction has been largely coupled with a shift from a sharp drop in employment until 2012 to a stabilisation in 2013 and, subsequently, a slow but steady increase since 2014, albeit with low growth rates. The absence of reforms to promote, (prior to the crisis) and to re-establish (after its end) the economy's non-wage competitiveness (open competitive product and service markets, energy costs, continued increases in taxation even though the fiscal derailment was mainly driven by the expenditure side etc.) prior to the crisis, and to re-establish it after its end, transferred the burden of correction and adjustment to wages and minimum wages in the private sector.

These estimates of the negative impact of changes in the minimum wage on employment do not come as a surprise, given the relatively high minimum wage ratios over the period considered, the relatively low employment rate of productive ages and the systematic high unemployment of young people.

In addition, the effect of the change in minimum wages does not impact all enterprises (large, medium and small) in the same manner. It mainly concerns small ones. For small businesses (fewer than 10 employees), which account for 90% of the businesses under examination and about 28% of employees, employment has a minimum wage elasticity of -0.10 for men and -0.15 for women. On the contrary, in enterprises with 10 or more employees, representing about 10% of enterprises surveyed and the largest share of total employment (72% - note that IKA/ EFKA data do not include self-employed persons without staff), it appears that changes in minimum wages over the period under review have had no significant impact on employment, which does not again come as a surprise given that the negative effects of minimum wages are mainly felt by marginal segments of the labour market and small businesses.

Dependent variable, the logarithm of total number of employees (full and part time)																		
	period 2003 -2016						period 2010 -2016						period 2003 -2009					
explanatory variables	male	male	male	female	female	female	male	male	male	female	female	female	male	male	male	female	female	female
Minimum to average wage	**-0.14**		**-0.15**	**-0.18**		**-0.16**	**-0.14**		-0.04	**-0.12**		-0.07	-0.07		-0.13	-0.15		-0.14
	-0.1		-0.05	-0.05		-0.05	-0.05		-0.05	-0.05		-0.05	-0.12		-0.13	-0.13		-0.13
Industrial Producer Index	**0.28**	**0.2**	**0.17**	**0.21**	**0.23**	**0.17**	-0.04	0.02	0.01	-0.01	0.05	0	**0.13**	**0.13**	**0.13**	**0.12**	**0.13**	**0.13**
	-0.07	-0.04	-0.04	-0.04	-0.04	-0.04	-0.06	-0.06	-0.06	-0.07	-0.06	-0.06	-0.05	-0.05	-0.05	-0.05	-0.05	-0.05
Number of enterprises	**0.79**	**0.78**	**0.86**	**0.88**	**0.79**	**0.87**	**0.88**	**0.73**	**0.76**	**0.83**	**0.72**	**0.79**	**0.52**	**0.45**	**0.47**	**0.67**	**0.71**	**0.5**
	-0.07	-0.02	-0.04	-0.04	-0.02	-0.04	-0.04	-0.02	-0.04	-0.04	-0.02	-0.04	-0.11	-0.11	-0.11	-0.11	-0.13	-0.13
Average wage (male/female) deflated		**-0.29**	**-0.29**		-0.02	**-0.29**		**-0.45**	**-0.41**		**-0.3**	**-0.32**		-0.22	-0.33		0.33	-0.18
		-0.02	-0.02		-0.02	-0.02		-0.08	-0.1		-0.08	-0.09		-0.24	-0.26		-0.32	-0.32
Trend	**0.002**	**0.002**	**0.002**	**0.002**	**0.002**	**0.002**	**0.003**	**0.001**	**0.001**	**0.002**	**0.001**	**0.001**	**0.001**	**0.002**	**0.002**	**0.002**	**0.001**	**0.002**
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Constant	**2.46**	**4.24**	**3.23**	**1.48**	**2.71**	**3.08**	**2.71**	**6.35**	**5.84**	**3.16**	**5.62**	**5**	**6.69**	**8.33**	**8.52**	**4.6**	**2.96**	**7.57**
	-0.76	-0.23	-0.42	-0.4	-0.24	-0.4	-0.45	-0.55	-0.83	-0.44	-0.53	-0.72	-1.21	-1.89	-1.9	-1.3	-2.48	-2.37
Months	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Number of observations	149	149	149	149	149	149	76	76	76	76	76	76	73	73	73	73	73	73
R - square	0.86	0.97	0.96	0.96	0.95	0.96	0.98	0.98	0.98	0.98	0.98	0.98	0.93	0.93	0.93	0.98	0.98	0.98

F6. Regressions of total number of employees, Dec.03-Dec.16. Source: IKA, total enterprises. *Notes: 1. statistically significant coefficients with bold, 2.standard errors of estimates in brackets, 3. Christos A. Ioannou, Economist, SEV Advisor to the Board on the Future of Work, Kostas N. Kanellopoulos, Economist and Sotiris Petros, Statistician, prepared for the SEV Conference on the Future of Work, October 2017.*

In the case of small enterprises (with fewer than 10 employees), which account for 90% of the undertakings concerned and about 28% of employees, employment has a high and negative elasticity in terms of minimum wages, which is even higher for women. On the contrary, for large companies, which account for about 10% of the enterprises in question and the bulk of total employment (72%), it appears that changes in minimum wages over the period under review have had no significant impact on employment.

If the econometric test is conducted over five-year age groups for June and December of each year, it appears that changes in minimum wages have a significant and negative impact on employment of all population groups from 30 to 60 with rates ranging from -0.50 to -0,71.

At the same time, the employment of young people up to 29 years of age, as well as those aged 60 and over is not affected. The fact that the impact of changes in minimum wages on the employment of young people does not appear to be statistically significant (even though it remains negative), can be possibly explained by two factors: first, the decreasing employment rate for this age group during the period under examination and, second, the fact that a growing number of young scientists educated at tertiary level became insured in non-IKA social security funds in the preceding years of the period under examination. The correlation between changes in minimum wages and youth employment needs to be further examined and should be one of the criteria of the new minimum wage setting procedure. The level of minimum wage should be sufficiently high in order to motivate young people to enter the labour market but at the same time, its cost should not act as an impediment to the entry of young people in employment.

When the employment breakdown is made by region (13 administrative regions) and by gender, as well as by age groups, the relative minimum wages are negative and statistically significant in all estimated models for both men and women. Elasticity of men's employment in terms of minimum wage here is -0.20, while that of women is clearly higher, around -0.40.

When the percentage of employed foreigners is added to regional employment patterns, it becomes clear that men's employment is not affected. The same applies to the percentage of foreigners working full-time. From this, it can be deduced that migrant workers do not seem to affect the overall employment of men, a conclusion that essentially discredits the stereotype of "foreigners" depriving Greeks of jobs. This result is consistent with the findings of a rather broad and relevant international literature. On the contrary, it appears that the employment of foreign women has a positive, measurable and statistically significant effect on the overall employment of women with an elasticity of 0.25. Possibly, foreign women do not actually compete with the domestic female workforce but rather act in a manner that is complementary to the productive process, by for example, taking care of children and the elderly that in turn allows Greek women to work.

As a conclusion of the above, it can be argued that the change in minimum wages, as approximated by the Kaitz index (minimum/average wage), is statistically negative to employment, indicating that, for the period under review, their increases seem to burden employment. From the variety of significant outcomes, there is a conservative estimate of the negative relationship between the change in minimum wages and employment. It is the one that refers to total employment and is in the range -0.15 for men and women, which means a 10% increase in the minimum wage, causes a drop in employment by 1.5%.

SEV Members Financial Data

ASSETS
€362 bn
71% of total*

EQUITY
€60 bn
48% of total*

TURNOVER
€61 bn
46% of total*

PROFITS BEFORE TAXES
€3.3 bn**
42% of total**

EMPLOYEES
200,000
11% employees insured by IKA

WAGES
€5 bn
20% of total***

SOCIAL SECURITY CONTRIBUTIONS
€2.2 bn
26% of total***

TAXES ON PROFITS
€1.1 bn
31% of total****

* 17,454 financial statements for fiscal year 2016 included in ICAP database
** sum of reported profits
*** % of total regular earnings (excluding bonuses and overtime)/social security contributions of employees insured by IKA
**** % of total revenues from corporate income tax
Source: ICAP, IKA, Ministry of Finance

SEV
Hellenic Federation of Enterprises

SEV HELLENIC FEDERATION OF ENTERPRISES
5, Xenophontos Str, 105 57 Athens
T: +30 211 5006 000
F: +30 210 3222 929
E: info@sev.org.gr
www.sev.org.gr

SEV HELLENIC FEDERATION OF ENTERPRISES
168, Avenue de Cortenbergh
B-1000 Bruxelles
T: +32 (0) 2 662 26 85
E: kdiamantouros@sev.org.gr

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