

## Speech given by Bernadette Ségol, ETUC General Secretary

### High Level International Conference - Bridge to Welfare - the Role of Social Dialogue for Sustainable Economic and Social Development

#### The role of social dialogue in today's social and economic realities

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Dear Prime Minister, speakers, colleagues, friends, distinguished guests,

It is an honour and great pleasure to be here with you in Riga to celebrate two decades of social dialogue in Latvia, and I bring with me the good wishes of our affiliates across Europe. So much has changed since 1993, while Latvia has been establishing itself as a free and independent democracy. When the EU celebrated the 20th anniversary of its own European social dialogue in 2005, the economic and social backdrop was very different. Your country and nine others had just joined the EU, the Union seemed unstoppable in its mission of leading Europe to unity and prosperity ... and the economic crisis was a mere shadow on the horizon.

Today things are different. Your invitation to me spoke of 'challenges for trade unions' in achieving sustainable economic and social development. And indeed the challenges in these years of brutal and short-sighted austerity are profound. As the European Commission recognised in a report on industrial relations in Europe earlier this year, the crisis has had a severe impact on dialogue between workers, employers and governments, especially in the public sector. In many places, reforms have taken place without proper consultation, generating a damaging environment of suspicion, anger and conflict.

The crucial need to involve the social partners at all levels, in order to achieve successful economic recovery, is widely acknowledged! Commissioner Andor himself has stated that well-structured social dialogue is vital to addressing the challenges of demographic change, and to creating better working conditions and higher social cohesion. We are praising, and rightly so, the European social model made of public services, social protection and social dialogue. We need to remember that social dialogue is one of the building blocks of Europe's social model, and it is this model that is at stake. It is also indispensable to a democratic society, characterised by consultation, negotiation, mutual consent, and the involvement of all interests in working towards a shared project.

Evidence shows that in countries with strong and well-established social dialogue systems, the economic and social situation is more resilient and under less pressure.

Reform can be a constructive process, widely accepted across society, rather than a battleground. Solutions to problems can be more easily identified. Social dialogue also improves people's lives through better working conditions, health and safety measures, fairness and equality in the workplace, and much more. In short, social dialogue is an indispensable part of Europe's way out of the economic crisis.

Let's remind ourselves. What is dialogue? By definition it must involve at least two parties. Trade unions are the only democratic organisations truly representing the

interests of working people, and this is what gives us the right to be at the negotiating table.

Yet one of the shameful aspects of the ongoing crisis is that despite many fine words about dialogue, many governments in Euro have continued to apply unilateral economic policies without consulting unions. Can they really be surprised when they don't work?!

For example, dialogue is indispensable within the preparation of the European semester and the EU's deliberations on economic governance and recommendations to individual countries. Europe's leaders claim to understand the need to involve the social partners more closely in the evolution of Europe's 2020 Strategy for growth and jobs, and yet when they don't like what they hear, they close the door on trade unions, leaving our members to protest in the only manner open to them: on the streets.

This is the antithesis of true dialogue. Cooperation requires a favourable environment where partners can work together and trust one another. It is up to the EU and Member States to provide this, through a positive attitude to serious dialogue and negotiation at national level and EU level.

It is important that EU convergence mechanisms should not be allowed to undermine the autonomy of the social partners at European and national level, and their right to free collective bargaining, especially in areas such as wage-setting.

Indeed, European social dialogue depends for its success on strong dialogue between national partners. And yet, since the start of the crisis, trade union rights have been under attack in many EU countries.

We know that governments or leaders who might be tempted to dismiss trade union organisations as anachronistic or as a barrier to economic progress, or hope to simply by-pass our members, my message today is: Think again! This is not the way forward, and we won't accept it.

In the new democracies of Eastern and Central European countries as well as Baltic States, we know that social dialogue structures are younger, and in some cases still fragile, making it easier sometimes to side-line trade unions when reforms are introduced. They should be convinced that such reforms will have no future without a strong system of social dialogue to produce long-term consensus and sustainable progress.

Which brings me back to our reason for being here today, and your success and determination in achieving two decades of social dialogue in Latvia. We at the ETUC have supported you – our affiliate, the Free Trade Union Confederation of Latvia – in your struggle to resist the damaging impact of economic austerity measures. In June, my deputy Patrick Itschert met with your Prime Minister here in Riga as part of our tour of EU capitals, challenging the philosophy of austerity as a means of recovery.

Your country was hit especially hard by the economic crisis, and in response your government introduced drastic austerity measures, without undertaking meaningful consultation with the social partners. In 2009, in an attempt to tackle Latvia's debt burden, the government imposed wage cuts of 10% across the board, which in practice amounted to up to 26% in the public sector. Drastic limits on public spending took their toll on services such as health and education.

The outcome was spiralling poverty and inequality and a fall in health standards leading, for example, to one of the highest infant mortality rates in the EU. With the destruction of almost one-third of the country's full-time jobs, thousands of people were forced to emigrate. Some estimate that Latvia lost around 10% of its workforce, with an alarming brain drain of qualified young people seeking better conditions elsewhere in Europe.

In June, the Latvian confederation again took action, this time to counter attacks on trade union rights. You launched a petition to defend established labour law, and to protect overtime payments, consultation on dismissals, and trade union autonomy.

Nonetheless, just last month, EU Finance Commissioner Olli Rehn in his summer blog described Latvia as a European 'success story' and a model of economic reform and internal devaluation. I believe your Prime Minister himself wrote a book extolling the 'Latvian miracle'.

But austerity has been less than miraculous for ordinary people, and you have paid a high price for economic stabilisation. The poverty rate soared to 25%. Things got so bad that late last year, a group of unions representing health workers wrote to the European Council and Parliament querying Latvia's suitability to take over the EU presidency in 2015. They argued that in failing to adequately fund national healthcare and welfare services, the government was denying its citizens their fundamental human and social rights. We at the ETUC were angered to discover that nobody bothered to answer, and so in May we took up your case with MEPs.

True, Latvian employment and growth rates are slowly improving – although not yet to pre-crisis levels. But the little-known fact is that this recovery took place not because of austerity, but because of a change in economic policy from 2010 onwards. The government relaxed its deficit targets, offering a new breath of life to economic activity.

This should be a signal to other European policy-makers that, just as we predicted, austerity does not work. We need to take a different direction.

When Jacques Delors oversaw the birth of European social dialogue in 1985, the newborn could look forward to a bright future in a Europe that aspired to progress, integration and solidarity. In Latvia, social dialogue has had to mature in a much colder climate – and I'm not talking about your proximity to the Arctic Circle!

Good reason, then, to celebrate this 20-year landmark. Social dialogue in Latvia has come of age. Once again congratulations to you, the social partners, and we wish you every success in your future work.