

# INTERNATIONAL LABOUR ORGANISATION

## HIGH-LEVEL TRIPARTITE CONFERENCE ON SOCIAL DIALOGUE

*Malta, 28 February – 1 March, 2003*

**Opening Address by Ms. Sally Paxton,  
Executive Director,  
Social Dialogue Sector, ILO**

Deputy-Prime Minister,  
Ministers,  
Representatives of Employers' and Workers' Organizations,  
Ladies and Gentlemen,

We are here in Malta at a historic time. Thirteen European countries, with very different histories and different social and political backgrounds, are either on the threshold of becoming members of the European Union or are taking the final steps to clearing the way for membership. This marks the culmination of a decade of adapting your laws, institutions and policies so that you are now well placed to both contribute to, and benefit from, EU membership.

The ILO and the European Union share the same fundamental values in relation to the world of work. On the one hand, the European social model fits well with the ILO's *Decent Work* agenda. Likewise, the ILO believes that an enlarged Europe will bring an enlarged area of social stability, prosperity, rising living standards and respect for fundamental rights.

Your achievements in the economic and social fields are admirable and clearly would not have been possible without good governance. From the ILO's perspective, the involvement of employers' and workers' organizations in economic and social policy-making and decision-making is a key component of good governance which, in turn, was critical to the success of your economic and social reforms. Yet, these reforms often carried with them many social risks and tensions. In order to take these risks, it was not realistic to rely solely on the traditional institutions of parliamentary democracy. What emerged in all your countries during these difficult periods of reform were tripartite institutions at the national level. Although these institutions are quite similar to each another, they of course also reflect specific national circumstances and conditions. All of these tripartite institutions, however, were endowed with competencies to deal not only with labour issues but also wider issues of economic and social policy. It is encouraging to see the extent to which the ILO's concept of tripartism, as expressed in the ILO's Constitution and in ILO Conventions and Recommendations, was adopted by your countries and implemented in practice.

The purpose of this Conference is twofold. First, it is an important opportunity to assess the state of the art of social dialogue at the national level in your countries. Second, it should provide the impetus to explore further the potential of social dialogue to contribute to solving the on-going economic and social challenges which you face, with a particular emphasis on the labour law reform agenda.

A number of papers have been prepared by the ILO for this Conference and there will also be a presentation by Mr. Jansen from the European Commission.

The *first ILO paper*, prepared jointly by Ludek Rychly and Rainer Pritzer, gives a comparative overview of existing national tripartite bodies and identifies the main policy areas of interest to them as well as the conditions for an effective national social dialogue. This paper provides practical information as well as guidance for policy-makers. Allow me to underline just a few of the key points which emerge from this paper.

- First, tripartism obviously involves three parties but governments have a special role to play. This special role is to create an enabling environment and to be the catalyst for national social dialogue. Governments need to be aware of the potential of social dialogue and cultivate it as a permanent feature of their economic and social policy planning and decision-making. Social dialogue should not be resorted to only in times of economic crisis when governments are seeking support for unpopular measures. Social dialogue can only be effective and meet its full potential when it is based on mutual trust built up over many years of cooperation in good faith.
- Second, social dialogue does not run counter to the efficient functioning of a market economy and parliamentary democracy. On the contrary - it reinforces democracy allowing for wider participation in policy formulation and decision-making.
- Third, social dialogue contributes to the market economy as it helps to deal with its social consequences and prevent damaging social conflicts. As described in this paper, there is substantial evidence that social dialogue contributes to creating a good business environment and improving productivity and competitiveness.

The range of issues addressed through national social dialogue is extensive in most countries. Two of these issues - employment policy and pension reform – are very challenging for all the parties. When you compare ILO and EU policy documents on employment issues, you find that they are based on common objectives and take a very similar approach. Employment strategies as promoted by both the ILO and the EU can be summarized under two headings: first, the comprehensiveness of national employment policies and second, the involvement of the social partners in their formulation, implementation and evaluation. The ILO's Employment Policy Convention and the European Union's Employment Guidelines invite governments to consult social partners. They also recognize that employers' and workers' organizations have their own responsibilities in areas such as life-long learning and modernization of the organization of work. The European Employment Guidelines are very specific about this: the social partners are invited to negotiate and conclude agreements on these issues. This a real challenge for both employers and workers organizations in all 13 candidate countries and in many of the existing EU Member States.

We all know that Europe is 'ageing' and that various measures must be taken to face this challenge. The recent ILO Conference on Social Dialogue and Ageing in Budapest in November, 2002 demonstrated that solutions can be found through labour market policies, skill enhancement and social protection. ILO studies on pension reform in certain EU candidate countries show that

these reforms are more likely to be accepted as fair and equitable when they are based on a broad and long-term consensus.

One of the other key topics of this Conference is labour law reform and this is addressed in the *second ILO paper* prepared by Arturo Bronstein. This paper proposes a conceptual framework for a discussion of the evolution, trends and challenges in the labour law field in the thirteen candidate countries and it examines labour law in these countries vis-à-vis European Community law and ILO Standards. Any discussion on the trends and challenges of labour law in EU candidate countries must be put within the framework of the so-called *Copenhagen criteria* which were defined in 1993 by the European Council as a precondition for accession to the European Union. The ILO paper presents a comparative overview of the steps taken by EU candidate countries to revise their labour laws to meet the *Copenhagen criteria*. It acknowledges the difference between the ten countries of Central Europe that had been under communist regimes and the other three candidate countries (Cyprus, Malta and Turkey) which already had well-established market economies long before they applied for EU membership.

To become eligible for EU membership, the former communist countries of Central Europe have undertaken far-reaching economic and institutional reforms, which have had a tremendous impact on their labour laws and industrial relations systems. One of the major remaining challenges is to develop credible social dialogue and industrial relations consistent with that prevailing elsewhere throughout the European Union. In most EU Member States, labour regulation is made up of both statutory law and collectively agreed rules. Statutory law is frequently elaborated through a process of social dialogue. It is widely recognized that reforms which are built on a solid foundation of social dialogue are more likely to address the real challenges of the world of work, have greater legitimacy with the stakeholders and therefore a greater chance of successful implementation and long-term sustainability.

While a great deal of labour market reform in EU candidate countries has already been accomplished through the enactment of statutory law, there is still substantial room for workplace reform that could be effectively addressed through the use of social dialogue and collective bargaining at enterprise, sectoral and national level. It is a fact that current social dialogue and collective bargaining practices in the candidate countries lag behind those of EU Member States. This is not surprising as such practices are built on behavioural patterns and a culture of collective bargaining that has not had time to take root in the relatively short transition period.

There is strong political commitment to social dialogue and collective bargaining in the European Union and the social actors have been endowed with both law-making and implementation responsibilities under the EU Treaties. Full integration into the European Union requires that the governments and social actors in candidate countries take up the challenge of reviewing their social dialogue and industrial relations institutions and machinery and, where necessary, carry out the revisions needed so that these are as effective and credible as they are in existing EU Member States.

Labour law does not exist in a vacuum - it has to respond to economic realities. Those aspects of labour law which deal with “hiring and firing” are often an area of conflict between employers and employees, as well as an area of dispute between experts. The *third ILO paper*

prepared for this Conference on employment protection legislation and its effects on labour market performance by Alena Nesporova and Sandrine Cazes, deals directly with this hot issue. In the past, a number of researchers have conducted econometric analyses to assess the links between employment protection legislation and labour market performance based on empirical data from OECD countries. The two authors of this ILO study applied the OECD methodology for measuring the strictness of employment protection legislation for selected transition economies and they came to several interesting conclusions. I am sure that this session of the Conference and the roundtable which follows it will grab your attention. With the participation of colleagues from the World Bank and the OECD, it will certainly be a good occasion to discuss what policy mix is best suited in order to make your labour markets more flexible while safeguarding necessary job security.

In conclusion, Deputy-Prime Minister, allow me to thank the Maltese Government for hosting this high-level Conference in your country. Malta provides an excellent example of the Government and social partners working together to create your own model of national social dialogue and we are keen to learn from your experience.

Ladies and Gentlemen:

We have an ambitious agenda for this event. I believe that this conference presents an excellent opportunity for dialogue between the tripartite constituents, the ILO, the European Commission, the World Bank and the OECD on a number of substantive issues. Let us work together to make it a good example of constructive dialogue.

Thank you for your attention.