Blunting Neoliberalism

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Blunting Neoliberalism

Tripartism and Economic Reforms in the Developing World

Edited By

Lydia Fraile

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Lydia Fraile

Preface

Social dialogue has attracted renewed interest as part of the debate on the responses to the global financial crisis. Unemployment has risen significantly and, in many developing countries, the incidence of informality and working poverty is on a steep upward trend. Response measures need to be well designed and adapted to the rapidly worsening position of enterprises and workers, which calls for the involvement of employers and workers, as actors of the real economy. The strategy also needs to be fair and needs to avoid putting the burden of adjustment on the innocent victims of the crisis. It is a fact that tripartite social dialogue has gained momentum since the advent of the crisis.

More fundamentally, the crisis has highlighted the need for a new approach to policymaking. It is now widely agreed that market forces, important as they are, will not generate long-term growth and prosperity for the majority of people – not unless proper government policies and institutions are put in place. Already before the crisis there were signs that the world economy was unbalanced. The *World of Work Report 2008* shows that since the 1980s income inequality had increased in the majority of countries. Importantly, wider income inequality was often inefficient from the economic point of view. The report also stresses the role social partners play in preventing excessive income inequalities.

While the ongoing crisis has opened up a new space for tripartite policymaking, more research was needed in order to highlight *how* tripartism can work successfully. This volume provides a highly relevant contribution in this respect. It is based on case studies for eight countries, namely Chile, Republic of Korea, Poland, Singapore, Slovenia, South Africa, Uruguay and Zimbabwe. A key lesson from the study is that the involvement of strong, independent social partners helps improve socio-economic outcomes. In the reviewed countries where tripartism is effective, well-designed employment regulations and social protection have been adopted. These policies have limited, to some extent, the inequalities and vulnerabilities that tend to emerge in countries where tripartism is ineffective or does not exist. For instance, it is thanks to tripartite policymaking that the pension system was not privatized in one of the countries under study and that the majority of people continue to receive a pension benefit.

What is more, the volume documents cases where effective tripartism helped overcome earlier crises. In particular, some successful performers adopted social pacts embodying a comprehensive package of anti-crisis measures, negotiated between government and social partners. These social pacts proved instrumental in improving the design of the measures. They also strengthened perceptions that the burden of the crisis was being shared fairly, thereby facilitating implementation of the strategy.

It is sometimes argued that efforts to improve fairness come at the cost of weaker economic growth. The volume rejects such a simplistic trade-off between efficiency and equity goals. It shows that there is no single road to economic dynamism. Some countries achieve high economic growth by relying mainly on market forces, entailing deregulated labour markets, limited coverage of social protection and weak worker rights. Such an approach often comes at the price of growing income inequalities and intensified labour market insecurity. Other countries have adopted negotiated reforms and have been rewarded with both robust economic gains and positive social outcomes. The latter approach is more complex and costly to the public purse than the first one. But, as the volume shows, it works.

The volume provides a solid example of how the Global Jobs Pact – a tool agreed at the International Labour Conference of June 2009 for promoting jobs recovery in the face of the crisis – can be implemented in practice. The piece could not be more timely.

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List of Acronyms

ANC	African National Congress (South Africa)
AWS	Solidarity Electoral Action (Poland)
BCEA	Basic Conditions of Employment Act (South Africa)
BEE	Black Economic Empowerment (South Africa)
BIG	Basic Income Grant (South Africa)
BPS	Social Provident Bank (Uruguay)
BUSA	Business Unity South Africa
CEE	Central and Eastern Europe
CEPAL	Economic Commission for Latin America and the Caribbean
CMEA	Council for Mutual Economic Assistance
COMISEC	Sector Commission for Mercosur (Uruguay)
CONAPRO	National Programmatic Concertation (Uruguay)
COSATU	Congress of South African Trade Unions
CPC	Confederation of Production and Commerce (Chile)
CPF	Central Provident Funds (Singapore)
CUEPACS	Congress of Unions of Employees in the Public and Civil Services (Malaysia)
CUT	Unitary Workers' Central (Chile)
DEMOS	Democratic Opposition of Slovenia
DeSUS	Democratic Party of Pensioners of Slovenia
EBRD	European Bank for Reconstruction and Development
EDB	Economic Development Board (Singapore)
EIRO	European Industrial Relations Observatory
	On-line
EMCOZ	Employers' Confederation of Zimbabwe
EOI	Export-oriented industrialization
EPL	Employment Protection Legislation
ESAP	Economic Structural Adjustment Programme (Zimbabwe)
ESC	Economic and Social Council (Slovenia)
ESS	Employment Service of Slovenia

FEDUSA	Federation of Unions of South Africa
FKTU	Federation of Korean Trade Unions (Republic of South Korea)
GATT	General Agreement on Tariffs and Trade
GEAR	Growth, Employment and Redistribution (South Africa)
HCI	Heavy and chemical industries
IAC	Industrial Arbitration Court (Singapore)
ICFTU	International Confederation of Free Trade Unions
IDB	Inter-American Development Bank
IMAD	Institute for Macroeconomic Analysis and Development (Slovenia)
IMF	International Monetary Fund
JUNAE	National Employment Board (Uruguay)
KCTU	Korean Confederation of Trade Unions (Republic of South Korea)
KEF	Korea Employers' Federation (Republic of South Korea)
KNSS Independence	'Independence' Confederation of New Trade Unions of Slovenia
KPP	Confederation of Polish Employers
LCA	Law on Collective Agreements (Slovenia)
LLR	Law on Labour Relations (Slovenia)
LDS	Liberal Democracy of Slovenia
LRA	Labour Relations Act (South Africa)
MDC	Movement for Democratic Change (Zimbabwe)
Mercosur	Common Market of the Southern Cone
MTUC	Malaysian Trades Union Congress
NACTU	National Council of Trade Unions (South Africa)
NECF	National Economic Consultative Forum (Zimbabwe)
NEDLAC	National Economic Development and Labour Council (South Africa)
NEF	National Economic Forum (South Africa)
NMC	National Manpower Commission (South Africa)
NSZZ Solidarity	'Solidarity' Independent Self-Governing Trade Union (Poland)
NTUC	National Trades Union Congress (Singapore)
NWC	National Wages Council (Singapore)

OECD	Organisation for Economic Co-operation and Development
OPZZ	All-Poland Alliance of Trade Unions
PAP	People's Action Party (Singapore)
PDIA	Pension and Disability Act (Slovenia)
PIT–CNT	Intersyndical Plenary of Workers–National Convention of Workers (Uruguay)
PRSPs	Poverty Reduction Strategy Papers
PSB	Productivity and Standards Board (Singapore)
PSL	Polish People's Party
SACP	South African Communist Party
SACU	Southern African Customs Union
SADC	Southern African Development Community
SASE	Society for the Advancement of Socio-Economics
SATU	Singapore Association of Trade Unions
SLD	Democratic Left Alliance (Poland)
SLS	Slovenian People's Party
SNEF	Singapore National Employers' Federation
SOEs	State-owned enterprises (Republic of South Korea)
SRP	Skills Redevelopment Programme (Singapore)
TAC	Treatment Action Campaign (South Africa)
TNF	Tripartite Negotiating Forum (Zimbabwe)
UNDP	United Nations Development Programme
ZANU	Zimbabwe African National Union
ZANU-PF	Zimbabwe African National Union Patriotic Front
ZCTU	Zimbabwe Congress of Trade Unions
ZDODS	Slovenian Employers' Association of Crafts
ZDS	Slovenian Employers' Association
ZFTU	Zimbabwe Federation of Trade Unions
ZLSD	United League of Social Democrats (Slovenia)
ZSSS	Association of Free Trade Unions of Slovenia