

## **Opening Statement by Ms Rosa Pavanelli, General Secretary of Public Services International**

### **Global Dialogue Forum on Challenges to Collective bargaining in the Public Sector**

International Labour Organization, Geneva  
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Esteemed delegates,

All over the world, the gap between the rich and the poor is widening.

Both in the public and private sector, most of the jobs created in the last two decades are short-term, part-time, temporary, casual or informal, and largely precarious. A majority of these lower paid, less protected workers are women.

Wage inequality explains a big part of income inequality, because the share of wages in total income declined over the last two decades in 70 % of countries with available data, despite an increase in employment rates globally, whereas the share of profits in national income increased virtually everywhere.

Until recently most European Union countries could boast of best practices on social dialogue and collective bargaining, but this is now changing rapidly. Governments align with international financial institutions to dismantle labour relations where it will hurt most for future generations: in the public sector.

Austerity measures and privatization have weakened public service delivery, trade unions' and workers' rights in many countries around the world.

In fact, while in most of the emerging economies public sector workers still need to obtain full recognition, in other countries austerity policies are conceived to produce cuts in public spending and wages, privatization of public services, reduction of welfare provisions across the board, from pensions to education, health and social services.

Substantial categories of public employees are newly denied the right to bargain, or subjected to restrictions of varying degrees of severity. From East to West – we are faced with:

- Deregulation and dismantling of public employment;
- De-institutionalization of social dialogue and tri-partism, replaced by discretionary policies of the employer and selective dismissals;

- Emergence of “yellow” trade union organizations as parallel structures - both at workplace level and in the national and so-called Workers' Councils that serve as spaces for political control of workers;
- Loss of autonomy of trade unions through government interference in the election processes, de-registration of trade unions and legislation that foresees unreasonably complex administrative rules or penalties for strike action.
- Criminalization and prosecution of protest actions. The amendment of laws criminalizing protests and the lack of autonomy of the judiciary are weakening social mobilization and ultimately democracy.

The impact of such policies are a perpetuation of inequality, the creation of a class of working poor today and a future of poor pensioners – mostly women – as well as the loss of social mobility which in the last century was the main motor of economic growth.

There is an alternative:

Quality public services and social protection floors create the conditions for democracy. It is through the development and enhancement of public services we can overcome the crisis. Indeed, some countries that have come out of the crisis with less inequality are examples of how collective bargaining and income distribution policies lead to economic recovery and social inclusion. Collective bargaining boosts your economy!

This is the case in Belgium, Iceland, Finland, Uruguay, Argentina and Brazil, among others.

Governance, the rule of law and quality public services advance all three pillars of sustainable development through effective, accountable and transparent institutions, strengthening the rule of law at all levels and the provision of public services for all.

Collective bargaining and dispute settlement mechanisms in the public sector strengthen a culture of peace and negotiation, instead of conflict, impunity and corruption.

To ensure that governments have the resources needed to fund quality public services, tax justice should be a top priority. Workers in public finance control bodies should be protected to ensure the impartiality and independence of such services, to fight corruption and to safeguard fair competition and public procurement.

Free trade agreements, massive tax evasion and avoidance by multinational companies and others have undermined the ability of states to deliver quality public services like education and health and implement public policies that increase the income position of low-income groups, because of international legal constraints and decreased government revenues.

PSI defends earmarked policy spaces for governments and social partners to define and then implement efficient policies for employment and for social transfers – at the same time as excluding public services from trade agreements.

In this context, it is interesting to refer to the March 2014 IMF report that publishes estimates of the implicit subsidies made by advanced-economy governments to “too-big-to-fail” banks. These are banks whose size would cause substantial financial instability if they collapse; it is assumed governments will rescue them when excessive leverage and risk-taking puts them in difficulty.

The analysis estimates that in 2012 the level of implicit government subsidy was highest in the euro zone (up to \$300 billion), followed by Japan and the UK (up to \$110 billion) and somewhat lower in the US due to tightened regulations (up to \$70 billion).

The 30-year experiment with privatisation of public services has largely failed. Profit maximisation, competition, private capital and private innovation are not the tools needed to ensure universal access. PSI advocates public-public partnerships, twinning and joint management among public utilities. This has proven its merit in a range of countries such as Germany, Switzerland, Columbia, Uruguay and Bolivia.

Collective bargaining in the public sector is not only important to establish fair labour relations, it is also a model for the private sector. Collective agreements in the public sector should address equal pay issues, based on public policies that promote equality across the board, including for migrant workers. Not only as an employer, but also as a service provider, the public sector should be exemplary.

We also have to draw attention to the importance of creating opportunities for young workers. Around the world, youth unemployment is soaring. Part of the solution to this crisis is surely investing in quality education opportunities and generating more employment for young people in the public sector, as well as creating an enabling environment for their skills development.

Collective bargaining should cover pay and a wide range of other issues such as health and safety, training, career development and dispute prevention.

The absence or poor functioning of dispute settlement procedures is another important issue. Sometimes restricted access or the time needed to receive judgment is an effective denial of justice. In too many countries, the right to strike is restricted for public service workers, including due to a wide interpretation of essential services.

Collective agreements should be respected in emergency situations and mechanisms for dealing with exceptional economic situations can be developed within the collective bargaining framework.

The right to collective bargaining should be recognized for public sector teachers, whether or not they are considered in the category of civil servants under national legislation, and for all teaching personnel, including those performing technical and managerial functions in the education sector. As recognized by the ILO/UNESCO Recommendation concerning the Status of Teachers, salaries and working conditions of teachers should be negotiated by their organisations, through statutory or voluntary machinery.

The role of public services in terms of monitoring labour conditions in all sectors of the economy is also pivotal. Labour administration, labour inspection and all other control bodies need to be strengthened to that effect.

We request the adoption of a worldwide action program with strong technical assistance from the International Labour Office to strengthen freedom of association in the public sector and ratification of C151/C154. We want to underline the importance of the ILO's supervisory mechanism and the role it plays in modernizing labour relations systems. We also call for the inclusion of public employers in ILO structures.

To conclude, the workers group welcomes this Global Dialogue Forum and the space it provides for discussion. We look forward to a constructive dialogue.