

# The Economic and Social Councils in Latin America and the European Union

**Practical experiences of social dialogue**

CES

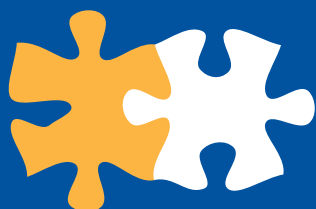
Economic and Social Council of Spain

Collection **Working Paper n 14**

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Series **Good Practices**

Area **Social Dialogue**



**CES.** The Economic and Social Council of Spain is a Government advisory body on socioeconomic and labour matters. It was established under Act 21/1991, of 17 June, 1991, in compliance with the provisions of the Spanish Constitution which call for promoting citizen participation in economic and social affairs either directly or through organizations and associations.

Its objective is to provide a formal channel for participation by the economic and social partners in the process of drawing up legislation concerning socioeconomic and labour matters, and to provide a permanent institutional forum for dialogue and debate between social partners.

"The Economic and Social Council fulfils the legitimate aspirations held by the economic and social partners to have their opinions and planned approaches heard when the Government makes decisions which may affect their own interests" (Preamble, Act 21/1991)

# **The Economic and Social Councils in Latin America and the European Union**

Practical experiences of social dialogue

**Working Paper nº 14**

Series: Good Practices

Area: Social Dialogue



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POR LA UNIÓN EUROPEA

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## Prologue

Benita Ferrero-Waldner,  
*President of the European Union – Latin America and Caribbean EU-LAC Foundation*

The Economic and Social Councils (ESC) are fundamental tools for dealing with the challenges that mark the path towards social and sustainable environmental development. Their importance stems from their very nature as, being bodies for participation by the social partners and representatives of organised civil society, they analyse socio-economic reality and work towards agreements to achieve development.

While each ESC has its own specific composition and legal regime, generally speaking in both Europe and, more recently, in Latin America, they have become essential collaborators for consolidating social cohesion through participatory dialogue. Constant improvement of social cohesion, an essential ingredient for the development that the two regions aim to achieve, means that many aspects relating exclusively to citizen wellbeing and the guarantee of a system based on rights for all citizens need to be integrated within a single, comprehensive approach. This should involve access for all citizens to public benefits such as quality education, health care service, justice and security, amongst others. It also means that poverty and inequality need to be dealt with by offering, in extreme cases, subsidised housing so that everyone can enjoy a decent life. Naturally, the provision of such public assets does not function in the same way or in the same proportions everywhere so has to be adapted to the priorities and context of each of the countries belonging to our association.

Dealing with this complex framework of topics requires broad participation in social dialogue, with the various sectors expressing their needs, ideas and interests and becoming involved in the process. This is the dimension needed to assist the State in its complex task of serving as social arbitrator. For this reason, the Economic and Social Councils, being consultative bodies, can help identify balances and potential consensus, which are essential for forming public policies and for reaching decisions on implementation.

For these reasons, a detailed presentation of their history, achievements and experiences of ESCs on both continents is essential for acquiring awareness of the importance of processes of social consultation and of the role of social partners in development, and for contributing to consolidation of the various local, national and supranational councils. These are the main objectives of this publication.

Today's social agenda in Latin America faces challenges regarding the sustainability and expansion of the progress which has been achieved, at different speeds in the different countries of the region, specifically in the fight against poverty and unemployment, and in the incipient progress achieved in income distribution. Facing these challenges and expanding achievements in the field of social cohesion requires more intense social participation at every stage of the cycle of public policies and in state or supranational actions aiming to consolidate sustainable socio-economic development. As stated recently by Marcelo Neri, Chief Minister of the Secretariat for Strategic Affairs of the Presidency of the Republic of Brazil, "the new social agenda for the region, in relation to the objectives of the Economic and Social Councils, includes the expansion of social participation in participatory planning, as well as in the monitoring and assessment of public policies".<sup>1</sup>

The Economic and Social Councils were set up as permanent consultation fora to promote processes of dialogue and participation among different social agents. The main objective of this dialogue is to help define and improve public policies for the promotion of social inclusion, the fight against poverty and sustainable development. These Councils, which are key for institutionalised social dialogue, put participatory democracy in practice, helping to reduce conflict and to draw up agreements on priorities for development.

In the European framework, the European Economic and Social Committee (EESC) provides a bridge between organised civil society and the European Union institutions and has the status of a consultative body for the latter. Recognition of the importance of active social participation in the community development agenda is constantly being re-affirmed in its reports and in the structured dialogue that this Committee promotes. By way of illustration, in February 2014, the conference "European Civil Society positions on the post-2015 framework regarding poverty eradication and sustainable development",<sup>2</sup> sponsored by the EESC, brought together over 150 representatives of European civil society and established as one of its conclusions that participation must not be limited to the drafting of a framework for action but must constitute an essential variable for implementation, monitoring and evaluation, in which the process of

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1. Interview with Marcelo Neri, Chief Minister of the Secretariat for Strategic Affairs of the Presidency of the Republic of Brazil, "Supporting policies, connecting institutions, EU-Latin American policy dialogue for social inclusion", *Encuentros* n° 2, *EUROSociAL* programme II, 2014.

2. European Economic and Social Council, « *European civil society positions on the post-2015 framework* », Conference Conclusions, February 2014, <http://www.eesc.europa.eu/resources/docs/qe-02-14-295-fr-c.pdf>



implementation must be both transparent and inclusive. The characteristics, activities and achievements of the European Economic and Social Committee as a supranational experience of institutionalised social dialogue will be covered in greater detail in this publication.

On a national level, several experiences in Europe indicate the key role these councils play as fora for understanding among the social and economic agents that have a part in decisions affecting their societies. This is the case of the Economic and Social Council of Spain (ESC), created in 1991 and currently operating partner of EUROsociAL on the theme of social dialogue relating to the action of “Strengthening bodies for reaching consensus for social cohesion in Latin America”. This ESC, like other European Economic and Social Councils, has served as an example for consolidating fora for consultation in various Latin American countries. Initiatives have been set up under different formats in line with the reality of each country, based on broad, innovative formulae. In addition, in the framework of the EUROsociAL programme, the ESC has coordinated and developed various actions to support newly-created councils, to promote social dialogue in their various initiatives and to create networks of Economic and Social Councils, such as the Network for cooperation among Economic and Social Councils in Latin America and the Caribbean (CESALC). In this way, joint Euro-Latin American action, the sharing of experiences and the creation of networks for dialogue to achieve social cohesion are considered examples to be followed in this comprehensive, and promising, two-regional strategic partnership.

Also and as described in detail in this publication, in Latin America and the Caribbean, both the commitment and the activities undertaken as a result of social consultation through ESCs have been remarkable. In some countries such as Honduras, the Economic and Social Councils are very involved in strategic policies and national agreements. And the creation and development of the above-mentioned CESALC was initiated by the Economic and Social Development Council of Brazil and was materialised in November 2012. This network, which now brings together 20 councils from nine countries in the region, held its second annual meeting in April 2014 in Buenos Aires, at which the main topic was the progress and challenges of social policies in the region, with the stress on how to deal with poverty. This initiative is particularly important because it not only creates an environment of dialogue and interaction to help identify shared problems and priorities and encourages the creation of a shared agenda, but it also aims to guide the conclusions of discussions through recommendations and proposals to the Heads of State within the region, for example, in the framework of the summits of the Community of Latin American and Caribbean States (CELAC), with the aim of expanding the debate and achieving a greater impact.

Similarly, as a result of the second meeting of the CESALC network, the Charter of Buenos Aires was drawn up. This stressed that the priorities for social cohesion in the region were access to quality education, housing, health care and quality services as

well as policies for social equity and policies to promote formal, cooperative employment.

On the latter matter, a challenge can be seen for effectively promoting social participation, this being the objective and the commitment of the CESALC Network and of ESCs in general. Their aim is to facilitate participation by the vast informal sector in Latin American labour markets which, according to the International Labour Organisation (ILO), amounted in 2013 to 47%. This sector lacks the mechanisms for representation that formal workers have, so the challenge is to devise innovative methods to promote their participation in bodies for dialogue. Also collective organisation for informal workers needs to be promoted so that their interests and priorities can be represented genuinely in the framework of the region's Economic and Social Councils, exerting a positive influence on the drafting of policies to promote the necessary formal employment.

At the EU-LAC Foundation we are aware of the importance of social dialogue and of active involvement of civil society in strategic debate and in the creation, implementation and evaluation of social policies. The Foundation was created to build bridges and to strengthen links between civil society organisations and initiatives on both continents as a means of extending cooperation and developing our successful association between the European Union and Latin America and the Caribbean. More specifically, our "Conecta" programme aims to build a network of networks to generate a platform for constructive dialogue and a laboratory for proposals among civil society in the two regions. Within this platform, the Economic and Social Councils are undoubtedly essential agents that can participate directly in the construction of the new social agenda that our regions need.

I would like to invite you to read this publication on the various experiences and achievements in the field of social and institutional dialogue in the European Union and Latin America and the Caribbean, and to find out more about the enormous potential of the economic and social councils for devising and planning the future and inclusive development of our Euro-Latin American societies.

## **General panorama**



# Participatory Democracy and International Cooperation: the experience of the Economic and Social Councils in EUROsociAL II

Marcos Peña

*President of the Economic and Social Council of Spain*

## 1. Participatory Democracy and Economic and Social Councils

A good way to start these comments is by stressing how participatory democracy can strengthen democratic legitimization. This opening comment is related to the fact that the legitimization of democracy appears frequently in analyses on the effectiveness of democracy, on how it can be visibly put into practice for citizens. As we shall see below, the characteristics of the Economic and Social Councils make them institutions for participatory democracy.

Participatory democracy strengthens and complements the basic, essential legitimization of democracy that results from participation by citizens in free elections to elect their representatives and, therefore, those who will govern them. The formulae for participatory democracy help those in government to find out the criteria of citizens regarding their interests or their positions in the socio-economic system. So, when organisations representing socio-economic interests participate in procedures for consultation, dialogue or social concertation, they are adopting formulae for participatory democracy.

From this perspective, the Economic and Social Councils are institutions for participatory democracy since they are made up of the social partners and representatives of organised civil society and because they participate in public affairs through procedures of consultation or, where appropriate, negotiation.

It is not unusual for those of us who work in Economic and Social Councils to participate in debates in which reference is made to a possible conflict between social concertation or consensus and the autonomy of the executive and legislative powers. In

such debates, the arguments that give priority to the legislative capacity of the government and parliament are based above all on the responsibility of the bodies with political power towards citizens on matters of general interest. In contrast are the arguments that focus on the involvement of civil society institutions in political governance, precisely as a factor for legitimising the latter.

We therefore see that, alongside classic concepts from the social and labour sphere, such as consensus and social participation, there is another concept, that of legitimisation, which is typical of political theory. Political science has often dealt with the reasons for the legitimisation of power. The classic formulations by Locke were based on the legitimacy stemming from the social contract whereby citizens constitute the State and pass their individual powers to it. For Weber, the domination exercised by the State, through the probability of its mandates being obeyed, has a legitimacy of a rational nature in modern democracies. This is based on citizens' belief in the legality of the legal order and in the right to legislate of those holding power according to that legal order. And another element in this approach by Weber is the idea of representation, the fact that the action of certain members of an organisation, the representatives, is attributed to its other members and is considered by them to be legitimate and binding.

Probably, the most typical construction of legitimacy in the 20<sup>th</sup> century is that of Participatory or Deliberative Democracy. Habermas considered that the recognition of a political order is related to procedural rationality, which in turn is essentially related to the quality of public life, with interested parties participating in deliberation on decisions to be taken. And, as stressed by Abellán, alongside the expansion of political participation, deliberative democracy requires social rights that allow for real equal opportunities for citizens to deliberate and decide on political affairs. In brief, to search together for freedom and solidarity.

And since communication is a key element in modern society for Habermas, discourse, as the representation of the power of communication, is especially relevant. Or, rather, discourses, because in deliberative democracy, pragmatic discourse in which there is negotiation on interests with rational strategies that can facilitate commitments coexists with the ethical-political discourse for reaching agreement on ends and values.

These general ideas on democracy, representation and legitimisation help us to understand the social and political framework within which debates on the role of social partners and of social concertation can be included. In such analyses, we also find elements or terms such as deliberation, participation, negotiation or commitment that enter into any definition of social concertation or of the Economic and Social Councils. Moreover, a reference to social rights as elements that promote real equality also appears when we analyse the topics covered in social concertation or in the activity of such Councils.

It is not by chance that today, when the idea of crisis crosses from the economic to the political sphere, the search for legitimation refers not only to political power but even to politics itself. Schmitter, one of the main theoreticians on social concertation, stated not long ago that legitimation is usually the central question in political analyses when shortcomings are noted in it. Under different names, which usually include the terms crisis and representativity in different combinations, the matter or problem of legitimation appears repeatedly when people talk about parliamentary democracy, when the European political project is designed, and when reference is made to social dialogue and to those participating in it, that is, the social partners.

The political and institutional crisis calls for greater doses of institutional legitimation, just as the economic crisis makes it necessary to reflect more on the role of social concertation and on participation by social partners. And we can see how, in the field of these theories on Participatory or Deliberative Democracy (or we could say on democracy that is participatory because it is deliberative), we can find a connection that takes us back to the subject of legitimation, that is, the legitimation of the socio-economic system and also of the political system through social dialogue, as a process for participation by the social partners in the creation of such systems.

And when we talk about social dialogue, we need to remember its relations with the Economic and Social Councils, which can be set up in different ways. In some cases, in the ESCs in which the Executive Power participates, the processes of social concertation generally take place within the Councils themselves. In other cases, usually in the ESCs that are made up exclusively of social partners, the role of the Council is essentially consultative, and social concertation takes place within the specific sphere of relations between the social partners and the Government. But in all cases there is a marked number of coincidences, of shared identities between the Economic and Social Councils and social dialogue – their subjects, their players, that is, the social partners and the Government, the subjects they deal with, of a socio-economic nature, their goals for social participation in political decision-making processes, and also the use of consensus, of agreement, as a working technique and also as a goal.

Therefore, when people talk about the Economic and Social Councils, they usually talk about institutionalised social dialogue to the extent that action by the ESCs is a type of social dialogue, and they stress their institutional nature within stable structures for the functioning of public affairs.

So the Economic and Social Councils, as institutions for social participation, are institutions for participatory democracy that serves to strengthen the legitimation of the general democratic system. And we can move forward with the idea that the legitimation of democracy has not only a quality dimension in the political system but also a socio-economic dimension, one of institutional quality as an element for good progress

of the economy. It is this type of reflection, which places us in the field of the notion of economic governance that is of special importance in a globalised world.

## 2. Globalisation and governance

The term governance has become increasingly present in political and socio-economic language since the end of the last century, largely because of its use on an international level. And the use of this term has taken place simultaneously, though not necessarily coincidentally, with the establishment of the idea of globalisation, an idea that expresses a relevant change in the circumstances of social life, economic activity and politics. This change also includes a loss of importance for political action and economic activity at the frontiers of nation states.

According to the Dictionary of the Spanish Academy, governance is the art or style of governing which aims to achieve lasting economic, social and institutional development, promoting a healthy balance between the State, civil society and the market of the economy.

While governing is defined as ruling with authority, leading or guiding, governance is a specific way of governing, qualified by its goals of lasting economic, social and institutional development. It is also qualified by the techniques it uses to achieve these objectives – balance between the State and the market and between these subjects or institutions and civil society. In this definition, the existence of several levels of power is implicit – on an institutional and a territorial level.

So we talk about a wide range of public powers, inside and outside States, and also about civil society, social and economic partners, social partners. And terms such as collaboration, coordination, dialogue and cooperation necessarily follow. We also need to talk about the need to restore the exchange between economic certainty and legal certainty among the subjects that form the institutional framework and citizens, but only the former can facilitate this and only citizens can grant trust in the institutions. So a social pact or contract and institutional credibility are ideas that need to be placed on the agenda of politics, of economic activity and of the life of society.

When we talked about participatory democracy, we referred to the role of the Economic and Social Councils as institutions for this democracy. So, too, when we talk about governance, we see elements and characteristics of the Councils, such as those relating to their action in the socio-economic field, or the idea of balance or distribution of power among different social subjects that leads to the need for commitments, sharing and cooperation among them.

If we take the construction of the European model as an example, since we can identify it with concepts such as the Social Rule of Law or the Welfare State, the social partners



and social dialogue appear as elements for equilibrium, as institutional factors in the balance between economic efficiency and social cohesion. Action to defend the interests of the social groups that are represented by social organisations aims to obtain balanced results between these interests when channelled through dialogue, through communication. We therefore talk about social partners when we refer to such organisations, which are precisely those that form part of the Councils.

And in addition to this important role of achieving balance in social relations, the institutions for social dialogue also become instruments that can promote both economic and social progress. From this point of view, we come to matters of great importance on the socio-economic agenda, such as the improvement of productivity and of competitiveness through investment in human capital, or the role of policies that promote redistribution of income to promote economic efficiency.

Economic globalisation and the problems of reconstructing governance in this economic field can also exert an influence, which is not usually positive, on the role of the social partners, particularly at times of crisis. We should not idealise what existed prior to globalisation but it is true that, before this phenomenon and at least in the western world, a certain balance had been reached between markets and States. This balance, being based on the exercise of sovereignty by States within their geographical borders, was threatened by the expansion of markets beyond State borders and the limitations of political governance on a supra-national scale.

And while such limitations exist in the balance between States and markets resulting from the different scales on which they exercise their powers, the same can be said about the role of the social partners. On the one hand, their capacity for action is mostly applied to those areas of the State that are overwhelmed by the global economy. On the other, urgency to adopt what are known as structural reforms, together with the fact that they are imposed on a supra-national level, limits the influence of social dialogue.

It therefore seems clear that any reflection on the social partners, on participation and social dialogue and on the ESCs that form part of the institutional framework should not lose sight of these broader approaches. In them, the ideas of participatory democracy, governance and globalisation are fundamental, and the tool of cooperation appears repeatedly.

It is within this broader perspective that we will now cover the experience of the Economic and Social Councils in the EUROsociAL II Programme. This experience, in spite of its limitations, can help us learn more about how to develop participatory democracy and how cooperation among the Economic and Social Councils of Europe and Latin America can help us in this task.

### **3. EUROsociAL, an experience of cooperation in the new international scenario**

To frame the EUROsociAL Project and explain the participation by the Spanish Economic and Social Council in its themed area on social dialogue does not seem difficult. It could even be done, setting aside the specific characteristics of the ESCs, based on ideas that form part of what we could call the general theory of international cooperation. More specifically, cooperation in the field of Spain's relations with Europe and with Latin America.

Along these lines, possibilities have been opened up for countries sharing cultural and social identities to use cooperation techniques, such as the sharing of experiences and the identification of good practices. In the case of Spain and Latin America or, to be more precise, Spain as a European and Latin American country, there has been an almost perfect combination of identities and diversities, making the sharing of experiences useful.

Identities, points in common, stem from history and from culture and, today, also from social and economic aspects. In these fields, globalisation is opening up new opportunities, with very visible examples of mobility for people and business activities between the two shores of the Atlantic. Especially from the perspective of this Project, there have been specific examples of such mobility in both directions – Spanish investments in Latin America and Latin American investments in Spain, emigration from Latin America towards Spain, and Spaniards emigrating to Latin America.

We are probably not yet sufficiently aware that to talk about Spanish multinationals or Spanish emigration to Latin America amounts to a substantial change in our thinking, in the way we have seen the socio-economic reality for many years. It is a change in our perception of the world which basically reflects how much the world has changed. We are referring to transformations in the economic, social and political scenario on an international level, as exemplified by the powerful entry on stage of the emerging countries and by the wide range of effects of the crisis in the different areas of this global economy.

Today's world is more multi-polar in the economic and political spheres. It is a world in which the eradication of severe poverty is a target that has practically been reached in many areas, while there is now a new problem of inequality, a world in which there is talk of new global public goods, from the fight against climate change to health care and actions against organised crime. And in today's world, from a more socio-economic point of view, the interconnection of economies is more visible – with negative effects in the form of transmission or contagion of the crisis, and with positive effects for economic development opened up by participation in open markets.

This type of transformation also affects the way in which international cooperation is envisaged, taking it towards formulae based on the sharing of experience, in every direction in which participants are located and focusing on the identification of good practices. Such good practices have to be adapted to territorial circumstances that are not only varied but changing. And cooperation, which is also multi-polar, is taking place with greater equality among the partners, with everyone learning from their peers.

We have talked about new areas and new instruments for cooperation, so it is now necessary to talk about the new agents of cooperation. They include the social partners, organisations representing civil society and the institutional bodies formed by such subjects, such as the Economic and Social Councils.

#### **4. The Economic and Social Councils, as partners for international cooperation**

What is stated above regarding the new characteristics of cooperation would be valid for practically any international collaboration initiative in the socio-economic sphere, for public institutions and in the private domain, and therefore would also be applicable to the ESCs. But it is precisely the specific nature of the Economic and Social Councils, together with the themes of the EUROsociAL Programme, that bring us closer to the type of tasks that can be covered by this Programme.

On the one hand, the Economic and Social Councils are public institutions that form part of the institutional framework, and this is precisely because they are institutions that aim to promote participation by the social partners and the representation of civil society in public life. So the ESCs are both public institutions and institutions for social participation. This duality can also be applied to the organisations that form the Councils. These are both social partners, the representatives of social and economic interests that have this representative function within the ESCs, and social partners, the main players in socio-economic life, that take decisions in the various socio-economic areas that are relevant for their functioning.

Trade unions, employers' organisations and representations of civil society in the field of socio-economic affairs clearly represent the interests of the social groups they bring together. And they are also legitimately representative in that it is electoral and association processes that form the basis for this representation. Such organisations are representative subjects of civil society, with democratic legitimation. And this is why they can be described as social partners.

In addition, the social partners are partners for economic activity, through which society receives the goods and services that make the life of society viable and through

which activity, that is, employment, is generated, which is the basis for inclusion in the life of society. Such organisations take decisions that affect economic life and therefore the life of society. They are, literally, economic and social partners.

There is no need to enter into a debate on who best represents civil society, but it is clear that these organisations have a specific profile stemming from representative action and economic and social action, which places them in a field in which the objectives of social cohesion and economic efficiency may converge. This should obviously help legitimise their participation in public life, specifically through social dialogue of different types, including that of the ESCs.

From this perspective of the specialities of the ESCs and the social partners, more could be said about how to design more fruitful formulae for cooperation. For a start, we are not talking about cooperation among Administrations or among public agents, but among representatives of civil society and this may amount to both a limitation and greater possibilities for cooperation.

It may be a limitation to the extent that we are not in the area of public policies, which essentially are the result of decisions taken by the Public Powers, more specifically by the Executive. It is an area in which the decisions of such Powers may be adopted with a reasonable amount of autonomy to achieve specific results. But the field of the social partners is an area for decision-making that largely depends on the socio-economic and the political environment in which they operate. And also, and this is completely specific to such subjects, this is an area in which the implementation of their criteria often requires agreement among them.

But there may also be greater possibilities for cooperation, to the extent that the field for social partners may have greater stability over time than the field for political decisions. An example can be seen in how the positions and strategies of the social organisations tally with socio-economic interests that go beyond political situations marked by electoral processes. And this may also have an influence on the capacity for finding shared areas of interest among organisations from different countries. It is no exaggeration to state that the capacity for finding matters of shared interest and similar approaches among the social organisations of different countries may be greater, and also more stable over time, than that of their relative governments.

These examples show that the capacity of social partners for carrying out international cooperation has its own profile, which should be taken into account and utilised when such actions are devised. This should help prevent the problems that arise when systems for cooperation among Administrations are mechanically transferred and should make it easier to take up the specific possibilities that appear for this type of cooperation.

The above regarding the specialities of the Economic and Social Councils that should be taken into account for defining their role in international cooperation is mostly related to the characteristics of the organisations that form the Councils. The type of subjects usually dealt with by the ESCs, which are closely related to the EUROsociAL objectives of strengthening institutions for social cohesion, may also affect the configuration of such cooperation.

## **5. Social cohesion and institutional strengthening, as goals of EUROsociAL that are shared by the Economic and Social Councils**

If we remember the objective of the EUROsociAL Programme to promote social cohesion through institutional strengthening, we note a clear relation with two elements that we have just seen form part of the identity of the ESCs, the institutional and socio-economic elements. We can then consider the reasons why ESCs participate in this Programme based on the notion of social dialogue. As we have already seen, this notion takes us back to the ideas of governance, participation by civil society and participatory democracy, after which we can talk about social cohesion, economic efficiency and institutional quality. And we should stress that relations or synergies can be established among these ideas and objectives to increase the positive results.

We can talk, for example, about the relation between institutional quality and economic efficiency. Max Weber discussed the key role of predictability in economic calculation as an essential condition for development of the market economy. Institutional quality would, for a start, bring legal certainty, a legal framework, rules governing economic activity and giving confidence in how the economy works, and also mechanisms for applying these rules to ensure they are enforced objectively. In this field Weber gives a key role to specialised, professionalised bureaucracy.

More recently, when studying the reasons for the so-called “failed states”, Acemoglu and Robinson stressed the key role of the institutions, of the institutional framework, as a factor for economic efficiency. Natural resources, capital, technological innovation and international aid do not automatically lead to economic development or socially sustainable development. The lack of political democracy leads the benefits of such economic factors to be concentrated in small groups which, in one way or another, exercise a monopoly on political action and, by preventing the free development of citizens’ capacities, prevent the sort of innovation that could galvanise the economy. In addition, lack of participation by citizens in the results of economic activity leads to social unease that gives way to social instability and the legal uncertainty that is incompatible with economic rationality.

In such situations and with such risks, again it is necessary to remember the stabilising role of political democracy, and of participatory democracy, precisely because the latter involves participation by social partners who are also economic partners.

We can therefore state that one dimension of institutional quality as a factor for economic efficiency is the inclusion of the economic and social partners in the institutional framework. Not only can this build bridges between the State and civil society, making participatory democracy effective, but it can also foster a more fluid relation between the areas of economics and politics, thus enhancing economic efficiency. This, clearly, is very closely related to the objectives of the EUROsociAL Programme.

When considering more specifically the relations between economic efficiency and social cohesion, the first goal will obviously be to find a balance between these two objectives. On the subject of governance, we see the dual dimension as both social partners and economic partners of the organisations represented in the ESCs, and how social dialogue among these organisations may lead to balance. This is a dimension of the ESCs to be taken into account when acting to achieve the EUROsociAL objectives.

We also have to stress that between economic efficiency and social cohesion there may be relations of complementarity. We have described institutional participation by the social partners as an element of participatory democracy. We would therefore have to stress, firstly, the economic efficiency that results from the legal certainty provided by the inclusion of the social partners in the institutional framework. Tony Judt stated that social and political stability is also an important economic variable. He gave the example of how, in the political cultures in which the Welfare State is a condition for social peace, it becomes a crucial economic asset.

Secondly, the way in which the objectives of social cohesion and economic efficiency may interact positively should be studied. For example, employment, the prime factor for social cohesion, is not only a result of economic growth but may also be an essential element for such growth. This stems from its quantitative dimension as a key element in the demand that drives economic activity. And also from its more qualitative dimension, that is, quality of employment for the purpose of productivity, which is very closely related, for example, to the formation of human capital. Social welfare systems, for example, can mitigate the effects of economic crises that take the form of social instability, which can be very negative for the institutional security that is essential for economic growth. Such systems can also help sustain demand at times of low economic activity.

In summary, it is possible and right to search for a relation of balance between economic efficiency and social cohesion: how to act to improve competitiveness without damaging social cohesion, or how to promote employment and improve working conditions in a way that is compatible with improved competitiveness. But equally intense

work should be done through institutions such as the Council to find relations of complementarity between these objectives: how to act to promote a production model in which the quality of work is a factor for improved productivity, or in which the social welfare systems are also an element that fosters economic dynamism.

One way of working in this direction is to gain an understanding of the many relations that can be established between these fields of economic efficiency and social cohesion. This work is very appropriate for the ESCs, because of the variety of topics in the socio-economic field on which they can act, and because of the possibility of treating them with a horizontal approach searching for relations among them. In fact, the treatment of socio-economic subjects by the Economic and Social Councils is characterised by what we could call their generality, and their horizontality or cross-cutting nature.

The activities carried out within EUROsociAL, from labour relations to Social Security systems and including educational policy, taxation and vocational training, give an idea of the generality, or the broad range of subjects that can be dealt with by the ESCs. And the horizontality or cross-cutting nature of the ESC approaches is expressed in their capacity for establishing relations among the different areas of socio-economic reality and the policies applied in them. When commenting on the complementarity that can be established between social cohesion and economic efficiency, reference was made to several examples, such as the relation between economic growth and employment, between social welfare systems and economic development or between sector policies, for example, in education, and these objectives of growth and employment.

There is a wide range of relations or links between institutional quality, social cohesion and economic efficiency. And social dialogue and institutional participation, which are defining elements of the ESCs, are key factors for establishing such positive relations.

## **6. EUROsociAL themes and working techniques**

The EUROsociAL programme has developed sufficiently to achieve a volume of activity that gives an idea of the situation of institutionalised social dialogue in the participating countries as regards both themes and methods. And not only the volume but also the diversity of the actions taken help to identify the themes of interest that are shared by the various participants, both with regard to important socio-economic matters and the operating methods of the Councils.

This activity by EUROsociAL has made it possible to identify situations in which progress is being made in the role of the Economic and Social Councils and also in the difficulties they face for consolidating their position. Good practices can serve both to determine the most effective methods of action and to identify problems arising within

such action. And this work in common also allows for identification of the fields of co-operation in which the best results can be obtained.

A summary of these activities is given below, grouped according to their shared characteristics:

- Strengthening of the technical, operational and organisational capacities of the ESCs, in the form of shared experiences on the functioning of Council Technical Secretariats or the drafting of specific reports, such as Reports on the socio-economic and labour situation in the different countries.
- Improved regulatory frameworks, by means of joint analysis of legal reforms aiming to draw up new regulations for Councils, to check that regulations are appropriate for issues arising in the application of the existing regulations. In other cases, possible reforms aim specifically to transform the profile or general orientation of a Council in order to give it greater institutional stability as a consultative body.
- Strengthening of the capacity for consensus-building and the impact of Economic and Social Councils. This refers not so much to changes in the regulation or internal operation of Councils as to the identification of good practices to reach a consensus among the various criteria of the organisations represented in the Councils. This search for good practices takes place in some cases regarding the general functioning of the Councils and, in others, regarding consensus on certain matters considered especially important, such as education.
- Support for the creation of new Economic and Social Councils. Work has focused on countries in which there is no national Economic and Social Council, in the form of dialogue with social partners, administrations, experts and some Economic and Social Councils existing at lower territorial levels.
- Dissemination of the activity of Councils. This line of work has focused on promoting networking among Councils, based on a shared portal, that of the CESALC network, in which information is shared on the activity of the different Councils.

In order to complete this overview of the activities carried out under EUROSociAL, it is important to remember who its participants have been and what the quantitative dimension of the activities has been. We are talking about seventeen activities in a little less than two years in which eight Latin American ESCs and seven European ESCs have participated. It is no exaggeration to state that this is an extensive Programme, with a dense programme of activities and a considerable number of participants. This can be seen as an indicator of the depth and diversity of the Programme's activities, and also as an indicator of what we can call its 'representativity'. This can be measured by the size of the territories represented in it, and also in terms of the breadth of interests represented by the participating organisations.

The working techniques used are also of interest. There has been a plurality of techniques because, while we have referred repeatedly to the wide range of socio-economic



and political situations and ESC models, the sharing of experiences has also been adapted in order to make the process more effective.

EUROsociAL has included Seminars and Meetings that can be described as relatively technical as well as meetings between Council members, both in general and also grouped by representative organisations. Activities have been carried out within the Councils and have also been opened up to organisations representing civil society, while in other cases the governments have been the partners in these activities. On a territorial dimension, work has been done multilaterally, bringing together all the Councils or just those from a given area. There have also been bilateral meetings when it was considered that the specific needs could be better met through the sharing of experiences between just two Councils.

We can therefore talk about a broad scope and flexibility in the shared working techniques. There has also been experience in which the rigour needed for proper planning of activities has gone together with flexibility for adapting these activities to the changing needs of institutions such as the Economic and Social Councils that operate in a changing socio-economic and political environment.

The description of the content of the EUROsociAL programme to date also serves to explain the purpose of this publication, which can also be related to the objectives of sharing experiences and identifying good practices. This book includes contributions from all the Economic and Social Councils that are participating in this Project, in which they describe the main characteristics of their respective Councils and their most significant activities in recent years. It therefore portrays the ESCs in Europe and in Latin America – what they are and what they do – complementing the information on the Councils that has been shared during the Programme activities in different fields.

This information will be of use to anyone interested in knowing about the situation of social dialogue in Latin America and Europe, but is especially relevant for those who are more directly involved in the EUROsociAL programme. It should be stressed that, to some extent, the book amounts to a chronicle of what has taken place under the Programme, but its most relevant dimension lies in the description of the operation of the Economic and Social Councils, of their tasks, their achievements and also the operational difficulties they face.

It is from this perspective that the supply and sharing of information can provide a grounding for the identification of good practices. Such good practices should be understood not as a manual specifying actions to be taken but rather as an inventory of guidelines for action by Councils, as tools that can be considered by users from the point of view of their own experiences and the socio-economic and political context in which they work. We could therefore say that, together with the most dynamic aspects of the sharing of experiences under this Programme, this publication aims to explain

in greater depth the functioning of the Economic and Social Councils and the life of such Councils during the implementation of this Programme. Essentially, the book aims to provide the EUROsociAL participants with a new working tool, an instrument for finding out about the activities of the Economic and Social Councils in order to identify good practices in the field of social concertation.

It is along these lines that the content and layout of this publication aim to offer an overview of the ESCs participating in EUROsociAL II that can be used in future endeavours to create Councils, transform them, or improve their functioning. And, obviously, if the ESCs are the key players in EUROsociAL, they are also the key players in this book because most of its content is made up of contributions from them. Each of them has described its vision, its evaluation of what its Council is and how it acts.

The book closes with an overview of what the Economic and Social Councils represent for the development of Participatory Democracy. But, as already stated, its main value is that it allows the ESCs participating in EUROsociAL to consider the experiences being shared under this Programme.

## **7. Some reflections on the activity of EUROsociAL**

The description of the EUROsociAL activities illustrates the main matters on which the Economic and Social Councils consider that cooperation can be useful. We note the importance placed by the ESCs on their regulatory framework, on the regulations governing them, and this is a clear indicator of this institutional dimension of Councils. This institutionalisation of Councils does not mean that their legal framework is carved in stone. The operating experience of Councils can indicate dysfunctions or areas for improvement. And changes in the socio-economic and political environment or in relations between social partners and governments can make it necessary to change the legal status of Councils in order to make them more operative or to adapt the orientation of their activities.

From this perspective, the diversity of the ESC regulating models and their different progressions over time mean that the sharing of experiences among such a considerable number of ESCs may indicate practices that should be taken into account when regulatory changes are considered.

In other cases, what is of interest is not so much the regulatory framework but the experience of applying it. Here we can distinguish between regulations on the internal operation of Councils as institutions and those on decision-making processes within Councils. For the former, it is significant to note the importance placed on the technical infrastructure of the ESCs. Undoubtedly, the central activity of the ESCs is to build consensus among the social partners on how to diagnose the socio-economic situation

or specific aspects of it. But this type of diagnosis must have a sound technical basis in areas such as socio-economic analysis and the legal dimension of the ESC activities such as the issue of opinions on draft legislation. This technical basis strengthens the legitimacy of the ESC criteria, making consensus on its criteria especially valuable.

The value of consensus leads us to another dimension of the improved function of the Economic and Social Councils on which EUROsociAL has worked with special intensity. The strengthening of the capacity for achieving consensus is at the heart of the activity of ESCs, because it refers to the action by the social organisations represented in the Councils. As stated above, such organisations, which operate in broader environments than the ESCs, are social partners and economic partners that accept the value of consensus when they act in the ESC. But for matters in which reconciling interests is complex, such as the matters dealt with in Councils, searching for a consensus may not be easy. For this reason, negotiation techniques are important, techniques for working together to reduce the negative impact for consensus of such varied interests and to focus on the positive effects of shared interests, which undoubtedly exist. Among these shared interests, the greater effectiveness of consensus-based criteria for exerting an influence on political decision-making is particularly important.

The experience of EUROsociAL in strengthening the capacity for reaching consensus also throws light on the specific topics on which the social partners are most concerned. Educational policy, taxation and social welfare systems are all matters that frequently appear in the activity of Councils, on which the sharing of experience can help establish positive guidelines. In addition, the choice of topics shows the sensitivity of the ESC on matters whose importance is indicated by their repeated appearance on the agenda of the international institutions that deal with social and economic affairs.

Obviously, when we talk about a programme for cooperation on a supra-national or regional level, the question arises as to how such cooperation can be made more effective by institutionalising it. Here we do not use the term 'institutionalisation' in its broad sense of creating stable institutional structures. We aim to show how, going beyond activities such as seminars or meetings that are very positive but, once over, sometimes go no further, the creation of networks for collaboration between Councils can help consolidate such lines of collaboration.

The new information and communication technologies have great potential because they largely overcome the limitations of distance between the physical spaces in which the ESCs operate. It is therefore important to stress the creation of such networks for working together, such as shared portals, in which the sharing of information can be a way of maintaining constant collaboration.

The activity carried out under EUROsociAL to promote the appearance of new Councils should also be stressed. The diversity of socio-economic situations and of

political frameworks explains the varying degrees of development in the creation of Councils. Creating a new Council cannot be seen as an objective in itself but as the expression of a specific objective within the framework of broader approaches aiming to develop participatory democracy. But the fact that there is a variety of different models for Councils can help overcome the obstacles for creating new Councils when these are related to the identification of an appropriate institutional model.

Finally, some comments should be made to place this publication within a broader perspective.

The first is the impression that this period of implementing EUROsociAL has been a dynamic one for the ESCs of Latin America. It has been dynamic because new ESCs are being created, and because the older ones are now being transformed or are evolving towards greater institutional consolidation. The reasons for this situation vary depending on the socio-economic and political contexts, but even so we can identify certain common lines.

In a number of cases, this development of the ESCs can be related to the opening up of new political times in which threats to the consolidation of democracy, including those that painfully come together with situations of violence, are apparently being left behind. In parallel with this, we note a link between expectations for economic growth and the appearance of new players in the global economy. Here again, reference should be made to what was stated above about the relations between economic efficiency, social cohesion and participatory democracy. From this viewpoint, this more dynamic role of the ESCs could also be related to the consolidation of democracy, in the form of participatory democracy, and to the search for synergies between economic efficiency and social cohesion.

The second comment is on the relation between Economic and Social Councils and processes of social concertation. We have already discussed the distinct spaces for ESCs and social concertation, their points in common and the specific profiles of these different institutions. It should be stressed from this perspective of the experience of EUROsociAL that there are shared elements in social concertation and the Economic and Social Councils which are key for the functioning of both institutions – the representativity of social partners, their capacity for dialogue and consensus, and the capacity of the Public Powers to accept the results of such consensus-building. On this basis, the debates are open in each country on the relations between the areas for the ESCs and those for social concertation, on their different priorities and also on their complementarity. But, clearly, the three elements mentioned have a positive influence on social dialogue and on the Economic and Social Councils and can even galvanise relations between them.

The third comment relates to the meaning of cooperation among Economic and Social Councils. This is institutional cooperation because it takes place between institutional subjects but, to the extent that these subjects comprise the social partners, it is also cooperation among such partners. It is cooperation among civil society going beyond national frontiers that can help us reflect on the broader matters to which we have referred above, from new approaches for international cooperation to governance formulae in a global world.



## EUROsociAL and the Economic and Social Councils in Latin America: strengthening democratic governance

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*"If we think about the times we as a country have been through after a political crisis, these have been opportunities for the different sectors in the ESC to sit down and talk, setting aside personal interests and facing up to the situations that we need to resolve as a country".* Maria Antonieta Guillén, Presidential Appointee for the Government of Honduras, President of the Economic and Social Council in 2012.

### Introduction: EUROsociAL and social dialogue

Social cohesion is a priority in relations between the European Union (EU) and Latin America. This has been confirmed in the different summits at which the Heads of State and Prime Ministers agreed to allocate resources to achieve this priority in the two regions. This was materialised with the launch of EUROsociAL, a programme for technical cooperation that reflects the increasing concern for social cohesion, which is seen as a challenge shared by the EU and Latin America.

EUROsociAL plans to consolidate a regional forum for dialogue between the EU and Latin America on policies in the field of social cohesion. It is a horizontal, institutional programme. This means it brings together the knowledge of similar institutions in the two regions in an exercise for mutual learning.

The main aim of the Programme is to support real changes that will have foreseeable effects on the cohesion of our societies. The assumption is that, by sharing experiences, each country will obtain inputs and learn from others, thus enhancing its own reforms. The programme therefore mainly has a national scope as it aims to contribute to visible improvements in the design and adoption of public policies. But EUROsociAL

also has an important regional mandate which complements and receives feedback from the national mandates. For this purpose, networks are supported and strengthened in order to foster shared projects among several countries to solve shared problems, and to promote agreements and collective commitments so that they can be addressed both regionally and nationally.

Implementation of the second phase of the Programme (2011-2016) was assigned by the European Commission to a consortium of more than 40 European and Latin American public institutions, under the leadership of the International and Ibero-American Foundation for Administration and Public Policies (FIIAPP, Spain). The FIIAPP is a public institution for international cooperation. Its objectives are to improve the institutional framework of the countries in which it works and to strengthen the image of Spain and of Europe abroad. The FIIAPP projects aim to improve legal frameworks, public administration and quality of life for citizens. It therefore takes three types of action: 1) Projects for advice to administrations involving more than 1,100 civil servants a year; 2) Studies and assistance in studies on administrations and public policies; 3) Participation in training for senior civil servants and political leaders. The Deputy Prime Minister of Spain chairs the Foundation, and the Ministers of Foreign Affairs, Justice and Health form part of its board. Since it was created in 1997, the FIIAPP has organised over 1,100 projects with a budget of over 600 million euros.

The range of public policies covered by the EUROsociAL Programme is broad and covers those that are most closely related to social inclusion, such as education, health care, social protection and employment (that is, social policies), but also those that are supported by the State to meet these needs fairly (tax policy) or to provide the necessary institutional backing and legitimacy (justice, security, governance, transparency, etc.). The promotion, consolidation and institutionalisation of social dialogue is crucial. For this reason, one of the specific lines of action of the EUROsociAL programme is to support the "strengthening of institutions for dialogue for social cohesion". From the EU perspective, social dialogue helps strengthen the democratic legitimacy and efficiency of public policies, allowing civil society organisations in Member States to express their opinions nationally and on a community level through the European Economic and Social Committee (EESC).

In the EU, social dialogue adopts many different forms and may be tripartite when the government participates officially, or bipartite between workers and employers, with or without indirect participation by the government. Consultation may be informal or institutionalised, or a combination of both: it may also take place on a national, regional or company level, and may be inter-professional or sectorial, or may combine both<sup>1</sup>.

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1. European Commission website: Employment, Social Affairs and Inclusion. Available at: <http://ec.europa.eu/social/main.jsp?catId=329&langId=en>



There is a set of elements that can help institutionalise social dialogue, understood as the process that involves the relevant players in a recurring, stable way to achieve a set of norms and behaviour with a view to obtaining certain results and establishing sanctions if the agreements are not complied with. Special relevance is thus given to the existence of bipartite or tripartite economic and social councils, the presence of labour institutions that support collective bargaining and the strength of trade unions and employers' associations through their representativeness measured by the density of their associations (Nonell, 2010).

The Economic and Social Councils have been very relevant in the institutionalisation of processes of social dialogue. As stated by the International Labour Organisation (ILO, 2001):

*"The Economic and Social Councils are public bodies with a plural composition that aim to institutionalise social dialogue among sectors that represent opposing professional interests; they are thus fora for social dialogue, for the representation of collective interests and for institutional participation and, as such, understand that participation by the social partners goes beyond the scope of business and also involves matters relating to public policies".*

Social dialogue is also a component of the EU's foreign policy. The Commission cooperates with the ILO, OECD, United Nations, G20 and other international organisations and fora to promote the social dimension of globalisation, as well as decent employment for all and, in particular, productive, freely-chosen work, labour rights, including basic labour laws, social protection and social dialogue, with a view to applying the foreign dimension of the Europe 2020 Strategy to foster growth and employment<sup>2</sup>.

The social partners of the EU and of other countries can promote the sharing of experiences and of good practices, especially those relating to countries in the EuroMediterranean Partnership, the EU association with Latin America, with countries in Africa, Caribbean and the Pacific (ACP) and with the United States and Japan<sup>3</sup>.

## **1. Action in EUROsociAL: "Strengthening coordination for social cohesion"**

In Latin America, participation by civil society in the design of policies to meet the demands and priorities of groups excluded from development processes has become a widespread demand among the social partners. The increase in fora for participation – sometimes the result of claims made by civil society and sometimes government initiatives – is, in part, achieving this objective.

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2. Ibid 1

3. European Union, summary of EU legislation: European social dialogue, a force for innovation and change. Available at: [http://europa.eu/legislation\\_summaries/employment\\_and\\_social\\_policy/social\\_dialogue/c10716\\_es.htm](http://europa.eu/legislation_summaries/employment_and_social_policy/social_dialogue/c10716_es.htm)

But it is important to improve the quality of such fora for participation by making the decisions adopted in them more binding, preventing them from being manipulated and giving them an active role in the protection of collective interests.

In order to promote policies and achieve inter-sector agreements on key matters for development, various countries in Latin America<sup>4</sup> have recently created permanent areas for consultation among partners with different formats, taking as their reference the European Economic and Social Councils but adapting them to their national situations and, in some cases, giving them broader powers and covering matters that go beyond social dialogue.

But, whatever their nature, they all share the objective of promoting channels for communication between the State and organised civil society as complementary bodies for citizen representation, helping to seek consensus-based solutions. The fact that ESCs and similar institutions are participatory, inclusive and plural has proved useful for reducing conflict and building consensus on priorities for development. This helps generate greater social acceptance of reforms, allowing organised civil society to express itself on matters that have traditionally been the preserve of politics and certain stakeholders.

Even though this type of forum is a milestone in the effort to achieve inter-sector consensus and the inclusion of civil society in decisions on public policies, the Councils, with their more or less open composition, greater or lesser independence, varying functions and different budgetary support, still suffer from problems that threaten their viability and that tend to appear in different countries on the Latin American continent. These include: unsatisfactory legislative or regulatory frameworks that place the continuity of the institutions at risk, imbalance in the composition of certain Councils, insufficient technical training for the General Secretariats or the groups comprising them, lack of knowledge on effective negotiation techniques to build consensus, absence of or insufficient culture of dialogue among players who defend opposing interests, lack of sufficient knowledge among members for them to undertake their missions, doubts on the real effect of their decisions, absence of strategies for communication with governments, low visibility within the country's institutional fabric.

In this context, EUROsociAL II drew up the action entitled "Strengthening of dialogue for social cohesion in Latin America" as part of its themed area on social dialogue coordinated by FIIAPP. The aim has been to contribute to the institutional strengthening of the ESCs or similar institutions to improve, based on the sharing of experiences, their

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4. ESC of Honduras (2001), Council for Economic and Social Development – CDES of Brazil (2003); ESC of Guatemala (2012); ESC of the Dominican Republic (2005); Council for National Consultation of Panama (2010), ESC of El Salvador (2010).

influence, their autonomy and sustainability, their technical and operating capacity, their representativeness and transparency and their legitimacy and social communication.

The EUROsociAL II actions are not conceived as projects but as itineraries to assist in changing public policies.

To meet the requirements of the countries, a working plan was established with Honduras, Guatemala, Brazil, Panama and El Salvador although, in the latter case, the business sector withdrew, leading to an institutional breakdown so that work could only be done in a very limited way with its Executive Secretariat through the United Nations Development Programme. More specifically and in coordination with the European Union Delegation, the ESC of the Dominican Republic received support in the search for consensuses to set up a National Plan for Educational Reform.

The operating partner in charge of providing technical leadership for action was the Spanish Economic and Social Council, a landmark institution for the creation of ESCs in Latin America which has important links with its European counterparts.

In its role as operating partner, the Spanish ESC brought together the experience in consultation processes of its members who represent the different groups forming it as well as the technical and operational experience of the General Secretariat through its various departments and the experience of other ESCs in the European Union and Latin America.

From a regional point of view, greater collaboration was promoted between Europe and Latin America with greater management and dissemination of knowledge by creating a regional Network of ESCs in Latin America and the Caribbean.

### **1.1. Regional approach to action: the CESALC network and knowledge management**

The regional approach to action was established in 2013 with the organisation of a workshop on “Euro-Latin American cooperation to strengthen dialogue for social cohesion”, in which the Latin American and European representatives of the different ESCs shared experiences during their presence in Madrid on the occasion of a preparatory meeting for the Ibero-American Summit of Heads of State and Prime Ministers (Cadiz, 16 and 17 November 2012).

The participants included the Minister for Strategic Affairs of Brazil and President of the CDES, the Deputy President of the Republic and President of the ESC of Honduras, the representatives and Presidents of the ESCs of Panama, Guatemala and the Dominican Republic, and representatives of the European EESC.

Within this activity, the countries of Latin America and the Caribbean, under the leadership of Brazil, expressed their commitment to the creation of a Network of Economic and Social Councils. The CDES of Brazil and the CDES of Rio Grande do Sul were entrusted with the design and start-up of a virtual platform and a model of governance for a future network of ESCs.

To move forward in this direction, EUROsociAL supported a visit by Brazil to Brussels to find out about the CESLINK network of European ESCs – coordinated by the European EESC – and the online network of ESCs of the Spanish Autonomous Communities – coordinated by the Spanish ESC. Contact with these two online communities enabled the CDES representatives to learn about their formation, structure, management and coordination mechanisms, data banks, systems, dissemination of information and incentives for participation.

As a result, the Network of Economic and Social Councils of Latin America and the Caribbean (CESALC) and its Internet portal ([www.cesalc.org](http://www.cesalc.org)) were formally launched in July 2013 at a meeting organised by the CDES on the occasion of its tenth anniversary, with the presence of Dilma Rousseff, President of Brazil; Alicia Bárcena, Executive Secretary of CEPAL; and Minister Marcelo Neri, Executive Secretary of the CDES; together with members of Councils from Latin America and Europe, such as the ESC of Spain in representation of EUROsociAL.

The meeting concluded with a declaration of intentions, the Charter of Brazil, which laid down the objectives of the CESALC network, namely, to expand interaction and dialogue among councils and achieve greater networking, including the sharing of knowledge and experiences, cooperation and identification of development opportunities.

The CESALC Network started out with six national ESCs (El Salvador, Guatemala, Honduras, Panama, Dominican Republic and Brazil) and six state or provincial ESCs (Buenos Aires, Mexico City, Provincia del Chaco, Jalisco, Distrito Federal de Brasil, Rio Grande do Sul) and two municipal ESCs (San Pedro and San Carlos in Brazil).

The governance model, the first schedule of work and the Management Committee were set up by consensus in Buenos Aires at the 2<sup>nd</sup> Meeting of the CESALC Network, which took place from 9 to 11 April 2014. The topic for the three working days was “Advances and challenges for Social Policies in Latin America and the Caribbean”, with the emphasis on poverty.

On the last day of this second meeting of the Network, the Charter of Buenos Aires was approved. This final document stressed the following commitments: 1) To strengthen dialogue on the fight against poverty and related subjects in Latin America and the Caribbean, in the area of the ESCs and similar institutions, and in the various bodies

within society; 2) To contribute to the drafting of public policies for the promotion of social inclusion, the fight against poverty and sustainable development, on a national and sub-national level in Latin America and the Caribbean; 3) To send the decisions of the 2<sup>nd</sup> Meeting of the CESALC Network to all local authorities to which the ESCs are linked, aiming to strengthen and give priority to the debate on how to fight poverty at a local level.

Euro-Latin American collaboration also saw another important meeting in Antigua with the “High-level regional workshop for consensus-building in Europe and Latin America”. The workshop was opened by the President of the Republic of Guatemala and included participation by representatives of the ILO, of the ESCs of Ireland, Spain, Italy and the Netherlands and the European EESC. The Latin American ESCs participating were the ESCs of Honduras, El Salvador and Guatemala, the Council for National Development Consultation of Panama and the CDES of Brazil.

## **1.2. Learning among peers from ESCs or similar institutions**

The sharing of experiences on a national level has focused on strengthening the technical, operational and organisational skills of the ESCs, on internal processes of dialogue and on improving regulations.

With a view to strengthening technical, operational and organisational skills, a dual approach was adopted. Firstly, the representatives of the Technical Secretariats of Honduras, El Salvador, Guatemala, Panama and Brazil travelled to Madrid to share experiences with their counterparts from Spain and Ireland in April 2013. In addition, the Spanish ESC advised the ESC of Guatemala on the drafting of a socio-economic report based on a consensus among the three sectors belonging to it (trade unions, cooperatives and employers), which would serve as an input for national policies. This was approved in the plenary session of the ESC in November 2014. Also, representatives of the different groups in ESCs in the region learnt about the experience of their counterparts in the Netherlands - Sociaal-Economische Raad (SER).

Secondly, a line of work was adopted to improve the regulatory frameworks of Honduras and Panama. In the case of Panama, support focused on advising the Executive Secretariat on how to review and update the Agreements of the Council for National Development Consultation (CCND), with a view to transforming this Council, which had been created exclusively for “monitoring National Consultation Agreements”, into a consultative, consensus-building body representing organised civil society. For this purpose, a workshop was held on “Seeking consensus for social cohesion in Panama: the role of institutionalised social dialogue in participatory democracies”, with the presence of the Spanish and Greek ESCs and the CDES of Brazil. A specific commission was set up to deal with this matter.

Work with the ESC of Honduras deserves a special mention because it led to approval of a new regulatory framework with the status of a law and because it reflects a complete cycle of shared experiences between the Honduras Council and its peers in Spain, France, Brazil and the European EESC.

### 1.2.1. The ESC Law in Honduras

The Economic and Social Council (ESC), created in 2001 as the country's main entity for dialogue and social consultation among the employers', trade union, farmers' and government sectors, took off as from 2011 when it was decided that negotiation and discussion on the minimum wage should be included in the ESC's agenda. This process was to lead to the signature of a historic wage agreement.

In addition, the ESC took on the responsibility of monitoring the "Great National Agreement for Economic Growth with Social Equity". In 2012 a Tripartite Technical Committee was set up comprising one representative from each sector (workers, employers and government) to deal with crucial matters such as the reform of the Social Security system or vocational training.

Although regulation had existed since 2001 (Executive Decree on the creation of the ESC in 2001, Internal Rules and Regulations of the ESC of December 2001), the body's powers, apart from being defined as a consultative body for the Government, were outlined only vaguely. There was no precise definition of its functions or activities, and it was not even considered a body for consultation prior to government legislative initiatives.

The members of the ESC had different positions regarding the difference between the body's consultative nature and its function for social consultation, negotiation and even internal agreements on political or social commitments. It was not clear that it could function as a forum for achieving social agreements. In addition, collective bargaining in the Honduran system of labour relations was weak, which led to the ESC taking on functions that went beyond strict consultation.

From the physical point of view, the resources and personnel attached to the ESC were limited. Since the Council and its activity were not perceived as sufficiently consolidated and since its future as a body was very much determined by the political scene and the leadership of the executive power, its continued existence was under threat. Its activities could even be paralysed in a different political scenario.

In this context, together with promotion of a culture of dialogue and improved technical and operating capacity, it was considered essential to strengthen the institution by raising the legal status of its constituent rules. The regulatory change also had to serve to clarify the functions of consultation and monitoring as well the institution's own initiative, and to update its Rules and Regulations, making its internal functioning more stable and consolidated.

It was then that the Honduran ESC made a formal request for support from EUROsocial. This support from EUROsocial had been preceded by other actions in 2012 which were fundamental for ascertaining the situation in Honduras in order to provide the most appropriate support in 2013. These actions included, together with a mission and self-diagnosis, technical assistance in Tegucigalpa from the Members of the Spanish ESC (1-5 October 2012) and an exchange visit to the European Union (Madrid, Paris and Brussels) to get to know the Spanish ESC, the Economic, Social and Environmental Council of France and the European Economic and Social Committee (22-26 October 2013). The Honduran Council drew up an evaluation report in which it identified as a factor for internal success *“improvement of the legal framework of the ESC of Honduras or raising the legal rank of its current structure, evaluating the positive and negative aspects of the Honduras ESC model, strengthening the role of the Council as a consultative body”*.

The EUROsocial support for the process of drafting the new regulations of the Honduras ESC took the form of three activities: 1) Comparative analysis of the regulations of other ESCs (December – January 2013); 2) The ESC of Honduras considered it necessary to have a comparative overview of the regulations of other leading ESCs as inputs for drawing up the new proposal; 3) On-line technical assistance for the review of the provisional drafts for the ESC decree and regulations (February - March 2013).

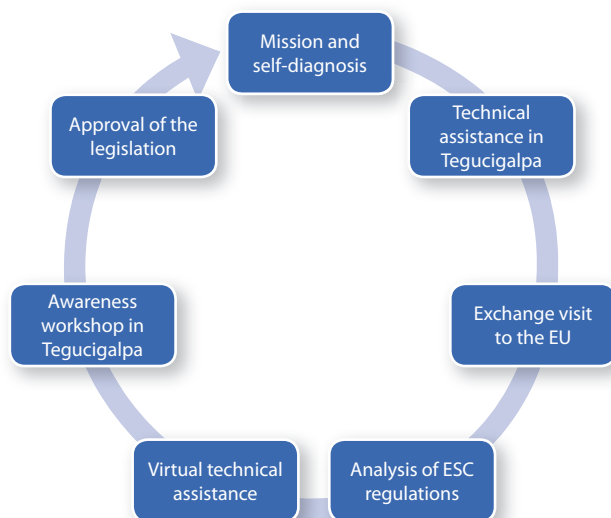
The latest activity by EUROsocial was to organise a workshop in Tegucigalpa in order to make the new regulation known and to create awareness of the importance of the ESCs for democratic governance. The workshop proved to be one of the most intense initiatives of this collaboration as it combined the two key events that completed the process: approval in the plenary session of the ESC of Honduras of the final text of the legislative decree and the internal rules and regulations, and the presentation of this text by the President of the ESC, Aline Flores, to the President of the Republic of Honduras, Porfirio Lobo Sosa, in the Presidential Mansion. This led to the draft text being formalised in a legislative decree.

It was therefore considered appropriate to invite representatives from the ESCs of Spain, France and Brazil as they had played a key part in the process of reform and because of their institutional relevance. Also present at both activities were representatives of the FILAPP and the delegation in Honduras of the European Union, which had collaborated throughout the process.

On 9 January 2014, the Plenary Session of the National Congress of Honduras approved the ESC Law, which was ratified on 13 January. This covers a new organisational and functional structure, guaranteeing the Council's stability and operation, based on a legislative constituent decree and expanded and improved operating regulations. The main elements in this new legislation are: 1) The ESC will have unlimited duration, a special labour system, functional, technical, financial and administrative autonomy; 2) The opinions of the ESC may be taken into account prior to approval of

bills of law; 3) It may issue non-binding opinions and recommendations on draft bills of law; 4) The new structure includes the figure of Vice-President and Consultative Council.

### Summary of the cycle of shared experiences promoted by EUROsociAL



Source: Drawn up by the authors

### 1.2.2. Support for the National Agreement for Educational Reform in the Dominican Republic

Since the ultimate aim of this action is to assist in processes for consensus-building in public policies for social cohesion, a third line of work was set up to provide direct support to processes of dialogue in two of the countries: Dominican Republic and Honduras. In the case of Honduras, in 2014 assistance was given to the ESC in seeking consensus for the Social Security reform, which is currently being discussed in the Congress.

EUROsociAL support was requested by the Dominican Republic to promote the process for the reform of the educational system and to legitimise the role of the ESC in it. The educational agreement, together with the tax and energy agreements, are included in the National Development Strategy for 2030 as part of the mandate of the Dominican Republic's ESC.

More specifically, on 21 and 22 February 2013, EUROsociAL, in collaboration with the European Union delegation to the Dominican Republic, organised in Santo Domingo a workshop entitled "Economic and Social Councils and consensus-building on education and taxation". This activity gathered all the ESC members and the main political



players involved in the Dominican Republic. Also present were members of the Spanish ESC, the European EESC and international experts.

The agreement on educational reform was the result of an extensive process of consultation coordinated by the Economic and Social Council (ESC) of the Dominican Republic. More than 9,000 people from different social, political and economic sectors in the Dominican Republic participated in it as from September 2013.

In addition to technical inputs, the main contributions from EUROsociAL were: 1) all the players involved in the field of education in the Dominican Republic, from both the public and private sectors, as well as civil society organisations were brought together for initial discussions; 2) a recommendation was submitted to the government regarding the need to start work in this connection, and the start of discussions and consultation for a National Agreement on Educational Reform by means of Presidential Decree 228-13 was placed on the agenda; 3) the institutional position of the ESC was strengthened in its role of coordination and promotion of social participation in each of the stages of the process; 4) members of the ESC were identified to develop their skills in communication and dialogue for consensus-building.

The educational reform guarantees free, compulsory, good-quality public education as from the age of three. It advocates democratisation and equal opportunities for gaining access to education from early to higher levels, the updating of teacher training and development of teaching as a career as well as the promotion of a culture of evaluation in the education system. It also includes a commitment to promote a nationwide debate on the subject of lay education and to find a solution once and for all to the shortcomings in school infrastructure. Moral and civic education and road safety education were included under intellectual education, alongside teaching in aesthetics, music, painting, drama and dance.

The National Agreement for Educational Reform (2014 – 2030) was signed on 1 April 2014 by the President of the Dominican Republic, Danilo Medina, in the presence of all the political parties and the State powers. It had previously been signed by representatives of employers' and trade union organisations, university Vice-Chancellors, non-government organisations, the Dominican Teachers' Association (ADP), directors of media, Catholic and Evangelical churches and educational institutions.

## **2. Lessons learnt and challenges for cooperation in this field**

Since EUROsociAL is a programme for cooperation that focuses on exchange among peers in public administrations to meet the demands, interests and priorities for reform of governments, the task of working with civil society is complex.

The institutionalised social dialogue of the ESCs offers an appropriate channel for collaboration that may help consolidate stable fora for debate in polarised societies and achieve participation by civil society in areas that have traditionally been the preserve of politicians. The consensus achieved by the Honduran ESC with the Great National Agreement and the minimum wage, its new legal status, the agreements reached in the Dominican Republic in the field of education and, more recently, the energy agreement, and the CESALC Network, led by the CDES of Brazil (the most institutionalised ESC in the region) amount to an invitation to continue with the difficult task of promoting participation by organised civil society in public policies.

However, important challenges lie ahead considering the volatility of some of the Latin American ESCs and the tensions that arise between their groups and with their governments in scenarios in which there is only a weak tradition of social dialogue. In young entities such as the ESC of El Salvador, the tensions existing between the government and employers were transferred to the ESC, and led to an institutional breakdown that has not yet been resolved. The ESC of Guatemala, whose composition does not include the government, is trying to create channels so that it can exert an influence on public policies in the country. And the CCND of Panama persists in going beyond its mandate to become a body for dialogue and consultation.

The ESCs have to adapt to a changing environment, facing new challenges in which more representative institutions are needed, with more agile mechanisms so that they can exert an influence on public policies. Above all, the ESCs are consultative institutions, and the reluctance of governments to resort to them may lead to a degree of frustration, which is also the case in many of the ESCs in the EU.

A more in-depth analysis of the political economy that surrounds the functioning of ESCs would indicate better which factors determine whether the institution will or will not have an influence, and under what conditions governments encourage them to participate in relevant national reform processes. It is also of special interest to analyse the impact of the presence or absence of governments in ESCs. A thorough comparison of the cases of Brazil and Honduras, in which their respective governments are present, as opposed to the cases of Guatemala and the Dominican Republic where they are not might offer interesting conclusions, especially if combined with an overview of the situation in Europe.

Social dialogue has been one of the key components of social cohesion in the European Union, and is still a relevant element for democratic legitimacy and consensus-building in the new scenario of globalisation and economic crisis, in which decisions are increasingly taken outside governments and far from organised civil society.

Over the last two years, EUROsociAL has brought together players of huge relevance for the development of the EU and Latin America. Great visibility has been generated

and, sometimes, intense and productive political partnership, with the Presidents of Brazil, Guatemala and Honduras being present in the EUROsociAL activities.

Another important element in the action by EUROsociAL has been extensive mobilisation of experts from European institutions for dialogue. Under the technical leadership of the Spanish ESC, the Latin American entities have established contact with the European Economic and Social Committee (EESC), that is, 28 EU countries, and with the ESCs of France, Ireland, Italy, Netherlands, Portugal and Greece.

For the ESCs in both regions, it may be important to observe the progression of their counterparts in the other continent and the changing nature of their functions, while sharing experiences in both directions through sincere, horizontal dialogue. In EUROsociAL we hope to have contributed to progress in this direction.

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# The Role and Impact of Economic and Social Councils and Similar Institutions (ESC-Sis) in the Response to the Global, Financial, Economic and Jobs Crisis

Drawn from the ILO – AICESIS Madrid Conference Background Paper<sup>1</sup>

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## 1. Introduction

The global, financial, economic and jobs crisis has highlighted the unprecedented degree of globalization in the contemporary world. In halting the economic downturn, many countries were quick to adopt reforms and implement austerity measures, often with far-reaching impacts on society<sup>3</sup>. Many countries have since advanced somewhat on the path of recovery. While others still struggle to find the right route, thereby placing a persisting drag on a global recovery.

From the outset, the International Labour Organization (ILO) has been at the forefront of the international response to the global crisis<sup>4</sup>, namely through research, technical cooperation projects, and the organisation of regional meetings and international conferences to guide tripartite Constituents to devise appropriate policies in response to the downturn. For instance, at the 100<sup>th</sup> Session of the International Labour Conference (ILC) in 2009, ILO constituents adopted the Global Jobs Pact (GJP), which firmly

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1. This Conference on the "Role and impact of the ESC-SI in the response to the global financial, economic and jobs crisis" took place on 3-4 December 2013, in Madrid, Spain.

2. Paul Middelkoop worked as a Consultant for the ILO in 2013-2014; he is presently a Human Rights Researcher for the Dutch Foundation, Questionmark. Valérie Van Goethem is an Associate Expert in the Governance and Tripartism Department, ILO, Geneva. The views expressed in this chapter are the authors' only and do not necessarily reflect those of the ILO.

3. ILO (2011) *The Global Crisis: Causes, Responses and Challenges*. (Geneva, International Labour Office).

4. For an overview of the ILO crisis response in the past years, see: ILO. *ILO Global Job Crisis Observatory. The ILO Response*. Available online at: <http://www.ilo.org/public/english/support/lib/financialcrisis/ilo/> (accessed November 7, 2013) and ILO. *ILO Global Job Crisis Observatory*. Available online at: <http://www.ilo.org/dyn/jobcrisis/f?p=11105:55:2390846121415292::NO::> (accessed November 7, 2013).

placed social dialogue at all levels alongside the need for promoting Decent Work opportunities as pivotal to a successful crisis. Furthermore, in April 2013, the 9th ILO European Regional Meeting led to the adoption of the Oslo Declaration, which reaffirmed the role of the ILO in promoting Decent Work and International Labour Standards as means to promote a sustainable economic and jobs recovery. In December 2013, the ILO held a joint conference with the International Association of Economic and Social Councils and Similar Institutions (AICESIS) on the role and impact of Economic and Social Councils and similar institutions (ESC-SI), in the response to the global financial, economic and jobs crisis. This event brought together more than 40 ESC-SIs from Europe, the Americas and Sub-Saharan Africa, in order to discuss the effects of the crisis on social dialogue institutions and to facilitate an exchange of best practices.

Research has also highlighted the evolution of the crisis, particularly within Europe, in two distinct phases. In early 2008, at the start of the global crisis, social partners' involvement in economic and social policy-making made it possible for some European countries to agree on packages of labour-market measures in tripartite settings. From 2008 to mid-2010 Government, Employers' and Workers organisation in countries with well-developed social dialogue and collective bargaining mechanisms proposed and adopted solutions that benefited all three sides, that helped to facilitate adjustment, and that mitigated the effects of the crisis on workers and firms. Social partners negotiated packages that responded to the economic uncertainty; met the interests of employers to reduce costs and of workers to prevent layoffs and protect earnings; and reduced the impact of the crisis on work inequalities.<sup>5</sup>

However, as the crisis deepened, from 2010 onwards, at least in some EU countries social dialogue played a significantly less prominent role in the design of structural reforms and fiscal consolidation policies. In some cases, the social partners were not consulted on important measures and reforms, or where there was a tripartite agreement, it was not respected. Social dialogue processes seemed to be seen as a luxury that some EU countries could not afford at a time when urgent reforms were needed to stop the rise of fiscal deficits and sovereign debt and to save the euro zone from the risk of collapse.<sup>6</sup>

In the past decades, economic crises have nonetheless become commonplace. The many experiences the ILO has studied over the decades show that the state alone is unable to effectively mediate their socio-economic impact<sup>7</sup>. Social dialogue is an

5. Vaughan-Whitehead, D. (2012) *Work inequalities in the crisis: Evidence from Europe* (Cheltenham/Geneva, Edward Elgar/ILO).

6. Papadakis, K., and Ghellab, Y. (2014) Policy reform in Europe and the role of social dialogue, in *The governance of policy reforms in Europe: Social dialogue actors and institutions in times of crisis*, Governance and Tripartism Department, forthcoming (Geneva, International Labour Office).

7. Auer, P. (2000) *Employment Revival in Europe: Labour Market Success in Austria, Denmark, Ireland and the Netherlands* (Geneva, ILO); ILO (1996) "Tripartite Consultation at the National Level on Economic and Social Policy", *Report VI, International Labour Conference, 83th Session* (Geneva, ILO); Fashoyin, T. (2004) "Tripartite Cooperation, Social Dialogue and National Development", *International Labour Review*, Vol. 143, No. 4; Rychly, L. (2009) "Social Dialogue in Times of Crisis: Finding Better Solutions", ILO, Dialogue, WP No. 1.

irreplaceable form of governance in crisis management and in balancing the impacts of an increasingly complex globalization process. Social dialogue enables more effective policy-design with a wider set of possible solutions, and it ensures industrial and social peace and increased legitimacy and ownership over policies with effective compliance during implementation. Importantly, it has the chance of mitigating adverse effects on the most vulnerable groups<sup>8</sup>. As such, Economic and Social Councils or Similar Institutions (ESC-SIs), as instruments of social concertation, have a key role to play in any effective crisis-response by bringing together key segments of society and thereby enabling the systemic creation of broad support for tailor-made policy measures.

Following this introduction, the second section of this chapter serves as the main body of the paper by outlining the various experiences of ESC-SIs in policy-making during the crisis. It will become apparent that during the crisis a share of ESC-SIs have been at the centre of the policy-response, or alternatively have played a supporting role. However, in other cases, mainly in Europe, ESC-SIs have played rather a more marginal role and have been unable to fulfil their potential, although there has also been some success in certain countries. Finally, this chapter concludes by assessing the implications of weakened social dialogue institutions, in the context of recent labour market reforms and policy adjustment processes in Europe and other regions of the world.

## 2. Role and Impact of ESC-SIs

### 2.1 Impact of the crisis and policy responses

Although every country has felt the impact of the crisis, the severity and persistence of its effects vary. Many developed countries immediately experienced an impact due to their integrated financial and trade channels. However, even for developing countries low primary commodity prices, a sharp decrease in foreign investment flows and demand, modest decreases in remittances<sup>9</sup> and tourism, did not fail to have an impact.

The close integration of much of Europe with global financial markets has meant the crisis has had a direct impact on the continent. In response, besides many national fiscal stimulus measures<sup>10</sup>, especially those targeting the banking sector, the European

8. ILO (2013) *National Tripartite Social Dialogue: An ILO Guide for Improved Governance* (Geneva, International Labour Office): 128-130; ILO (2011) *The Global Crisis: Causes, Responses and Challenges*. (Geneva, International Labour Office): 3.

9. Remittances only dropped by 5.2% in 2009, and quickly recovered. Source: World Bank (2012) *Global Mobility Unaffected by Financial Crisis, as Remittances Remained Resilient*. Available online at: <http://go.worldbank.org/MVBD7SDK50> (accessed October 18, 2013).

10. Watt, A (2009) *A Quantum of Solace? An Assessment of Fiscal Stimulus Packages by EU Member States in Response to the Economic Crisis*. (Brussels, European Trade Union Institute). Available online at: [http://www.ituc-csi.org/IMG/pdf/ETUI-Working\\_Paper\\_WATT\\_UK\\_ok-hi\\_.pdf](http://www.ituc-csi.org/IMG/pdf/ETUI-Working_Paper_WATT_UK_ok-hi_.pdf) (accessed October 20, 2013).

Council approved a €200 billion Recovery Plan in 2008<sup>11</sup>. This likely has cushioned the already severe 4.3% contraction of gross domestic product (GDP) of the European Union (EU) in 2009. Despite a modest recovery of 2.1% in the following year, from 2011 onwards, the situation deteriorated as it became increasingly clear that many countries within and beyond the Eurozone had difficulty following the propagated fiscal consolidation. Facing intense pressure from international financial institutions and financial markets many have seen themselves forced to adopt austerity measures, often through emergency laws and without consultation with social partners. Cyprus, Greece, Ireland and Portugal committed themselves through a Memorandum of Understanding with the 'Troika'<sup>12</sup>, which involved severe reforms in exchange for a financial bailout. The Troika has urged countries to reduce their public deficit and many countries have responded by reforming their labour and social security legislation, including a weakening of freedom of association and greater decentralisation of collective bargaining<sup>13</sup>. Prospects on a recovery slimmed again as unemployment rose, and economic growth further decelerated. Noting these developments, the ILO has repeatedly warned that an exclusively austerity driven policy response is not the solution. Instead, ILO research has found it has resulted in weaker economic growth, decreased productivity and rising unemployment and social tension. As such, the ILO has continuously propagated a shift away from austerity focussed policies, to a job-centred policy response<sup>14</sup>, as specified by the Oslo Declaration<sup>15</sup>:

*"Fiscal consolidation, structural reform and competitiveness, on the one hand, and stimulus packages, investment in the real economy, quality jobs, increased credit for enterprises, on the other, should not be competing paradigms".*

In much of the world the crisis had a more indirect impact and after a dip in late 2008 and early 2009, GDP growth quickly picked up again<sup>16</sup>. Africa's quick recovery is attributed to a variety of factors, including previous trade diversification towards Asia, sound

11. ILO (2009) *The Financial and Economic Crisis: A Decent Work Response* (Geneva, ILO). Available online at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_107583.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_107583.pdf) (Accessed October 20, 2013).

12. The International Monetary Fund, the European Central Bank and the European Commission.

13. Clauwaert, S. and I. Schomann (2012) *The Crisis and National Labour Law Reforms: A Mapping Exercise* (Brussels, ETUI): 6, 8.

14. ILO (2013) *ILO Calls for Urgent Shift to a Job-Centred Crisis Response in Europe*. April 8, 2013. Available online at: [http://www.ilo.org/brussels/press/press-releases/WCMS\\_211054/lang--en/index.htm](http://www.ilo.org/brussels/press/press-releases/WCMS_211054/lang--en/index.htm) (accessed November 7, 2013); ILO (2011) *World of Work Report 2011* (Geneva, ILO). Available online at: [http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms\\_166021.pdf](http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_166021.pdf) (accessed November 7, 2013); ILO (2012) *World of Work Report 2012* (Geneva, ILO). Available online at: [http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms\\_179453.pdf](http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_179453.pdf) (accessed November 7, 2013); ILO (2012) *Eurozone Job Crisis: Trends and Policy Responses* (ILO, Geneva). Available online at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms\\_184910.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_184910.pdf) (accessed October 20, 2013). ILO (2013) *Global Employment Trends 2013: Recovering from a Second Jobs Dip* (Geneva, ILO); ILO (2012) *Global Employment Trends 2012: Preventing a Deeper Jobs Crisis* (Geneva, ILO).

15. ILO (2013) *The Oslo Declaration: Restoring confidence in jobs and growth*, Ninth European Regional Meeting. Oslo, Norway, 8–11 April 2013.

16. World Bank. *GDP Growth (annual %)*. Available online at: <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/countries/1W-ZJ-EU-ZG-Z4-1A?display=graph> (accessed October 18, 2013).



macroeconomic policies and fiscal surpluses in oil exporting countries, as well as fiscal support<sup>17</sup>. Similarly, East-Asia's quick recovery can partially be attributed to fiscal stimulus packages enacted by countries. For China, this amounted to a staggering 13% of GDP<sup>18</sup>. For Latin America, global demand for commodities from Asia increased, and several Latin American countries successfully managed counter-cyclical stimuli. The previous economic performance of the region also coincided with lower unemployment levels, and rates of poverty, in turn boosting domestic demand. This trend has only suffered mildly from the crisis, and is expected to improve further<sup>19</sup>. Similarly to the experience of the other regions, oil exporters in the Arab world weathered the crisis reasonably well, maintaining their positive growth rates, albeit growth still slowed down by a few percentage points. The government of Saudi Arabia introduced a stimulus package amounting to 11.3% of its GDP in 2009 (the second biggest after China)<sup>20</sup>.

However, having resisted the initial drops in foreign investment and trade, as the problems in the Eurozone continue and the initial fiscal stimulus packages are phased out, those regions which experienced a quick recovery now face slowing growth rates<sup>21</sup>. While global unemployment decreased over 2009-10, the figure rose to almost 202 million in 2013, an increase of almost 5 million compared to the year before. This reflects the fact that employment is not expanding sufficiently fast to keep up with the growing labour force.<sup>22</sup> Lower and more volatile rates of foreign investment as well as constrained access to credits, have hampered job creation by companies. Furthermore, in most parts of the world many development challenges still remain, such as vast decent work deficits, growing inequality, informality, unproductive or low-value added work, in addition to structural youth unemployment and underemployment problems for certain countries. The vulnerable employment rate in Sub-Saharan Africa was estimated at 77.4% in 2013, which is presently the highest rate of all regions.<sup>23</sup> In East Asia

17. World Bank. *Africa Overview*. Available online at: <http://www.worldbank.org/en/region/afr/overview> (accessed October 18, 2013); AfDB (2010) 'Africa in the Post-Crisis Global Economy: Turning the Recovery into Strong, Sustained and Shared Growth', *Committee of Ten Policy Brief*. African Development Bank. Available online at: [http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/C-0%20Note%201%20English%20\(final\)\\_for%20posting.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/C-0%20Note%201%20English%20(final)_for%20posting.pdf) (accessed October 18, 2013); Kasekende, L.; Brixova, Z. And L. Ndikumana (2010) 'Africa: Africa's Counter-Cyclical Policy Responses to the Crisis', *Journal of Globalization and Development* (1) 1.

18. ILO / International Institute for Labour Studies (2009) *The Financial Crisis: A Decent Work Response* (Geneva, ILO): 27 [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_107583.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_107583.pdf) (accessed October 18, 2013).

19. Ocampo, J.A. (2009) 'Latin America and the Global Financial Crisis', *Cambridge Journal of Economics* (33): 703-724. Available online at: <http://www.perpustakaan.depkeu.go.id/folderjurnal/703.full.pdf> (accessed October 18, 2013); World Bank. *LCR Crisis Briefs*. Available online at: <http://go.worldbank.org/2IWPN6MH20> (accessed October 18, 2013); World Bank. *Latin America and Caribbean Overview*. Available online at: <http://www.worldbank.org/en/region/lac/overview> (accessed October 18, 2013).

20. ILO / International Institute for Labour Studies (2009) *The Financial Crisis: A Decent Work Response* (Geneva, ILO): 27 [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_107583.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_107583.pdf) (accessed October 18, 2013).

21. ILO (2013) *Global Employment Trends 2013: Recovering from a Second Jobs Dip* (Geneva, ILO); World Bank. *Latin America and Caribbean Overview*. Available online at: <http://www.worldbank.org/en/region/lac/overview> (accessed October 18, 2013).

22. ILO (2014) *Global Employment Trends 2014: Risk of a jobless recovery?* International Labour Office. Geneva: ILO: 11.

23. Ibid: 68.

job employment among young people decreased by 6.1 million jobs, or 5.2%, in 2013.<sup>24</sup> Chronic problems with (youth) unemployment have also affected those non-oil exporting countries in the Arab States. Countries which faced social unrest during the Arab Spring showed much lower growth, or even contraction. For most of the countries in the Arab region, the potential for social dialogue is hampered by previously weak social partners and weak institutionalisation of tripartism in many countries.

## 2.2 Common Experiences during the Crisis

Based on ILO research<sup>25</sup> and secondary literature, four common experiences of ESC-SIs throughout the crisis can be deducted: ESC-SIs at the centre of the crisis-response; failed concertation and unilateral action; ESC-SIs as advisory and consultative Bodies; and ESC-SIs which remained passive.

### 2.2.1 ESC-SIs at the centre of the crisis-response

During the initial outbreak of the crisis, most states responded by issuing fiscal stimulus packages to mitigate the impact of the crisis and accelerate recovery. ESC-SIs in some countries have been at the centre of this policy response. The ESC-SIs of South-Africa, the Czech Republic, Belgium, Slovenia, the Netherlands, Poland (initial negotiations took place outside ESC-SI), Brazil, Lithuania, and the Republic of Korea all experienced successful negotiations of national agreements on anti-crisis measures in 2008-2009 (although in Korea the second biggest trade union did not sign, and in Lithuania certain partners also abstained). Commonly, measures included provisions on part-time employment, work-sharing, strengthening of social security, training, fiscal support, investment in infrastructure and job creation or retention programmes. At a later stage in the crisis some ESC-SIs were involved in new collective responses, such as in Bulgaria, Honduras, the Netherlands, and Slovenia.

#### Honduras Grand National Agreement

In 2012 the Social Economic Council of Honduras was tasked with producing measures in response to the impact of the crisis. Tripartite consultations led to the signing of the Grand National Agreement for Economic Growth and Social Equity (GAN), which holds measures to target the high rates of unemployment and underemployment, reduction of public spending, public investment, competitiveness, export promotion, credit expansion for SMEs, provisions for private sector workers, vulnerable workers and more. It is estimated that the agreement will lead to at least 50,000 jobs in Construction and Infrastructure, Light Manufacturing and Assembling, Renewable Energy, SMEs, Agriculture and Services. Public Investment in

24. Ibid: 53.

25. This research is based on a questionnaire which was distributed to 88 ESC-SIs around the world in July-August 2013, in order to collect information on policy responses to the crisis. 47 completed questionnaires were returned, the majority of respondents were from Europe, Americas and Sub-Saharan Africa.

infrastructure and irrigation of nine thousand acres will provide at least 30,000 new jobs, which is expected to increase through forward and backward linkages.

The GAN also provided for the establishment of six committees on the Investment Climate, Simplification of Administration, Consumption, Education, Employment and Agriculture.

Source: ILO Research

Within this group of countries, circumstances with respect to the impact of the crisis differed as well as their industrial relation profiles and their configuration of ESC-SIs. For instance, the strength of unions at the national level varies, as does the legacy of social dialogue. The ESC-SIs of Brazil, Korea and South Africa are tripartite plus, whereas for others they are tripartite. Furthermore, the economies in Europe have been typically more affected by the crisis and the impact of austerity measures, than those in other parts of the world. However, these varieties across countries, which have experienced a successful collective response, show that differences in the presence of pre-conditions do not pose insurmountable barriers<sup>26</sup>. In addition, these cases also demonstrate that an ESC-SI does not explicitly have to be a tripartite negotiation platform to remain relevant. For instance, in Belgium, the bipartite National Labour Council (CNT – *Conseil National du Travail*) provided consultations and support of implementation for the 2009-2010 Inter professional agreement, which was implemented alongside the government stimulus package. Further, in January 2013, it oversaw the signing of a social pact<sup>27</sup>.

### 2.2.2 Failed Social Concertation and Unilateral Action in Europe

In contrast to the positive experiences in the previous section, in other cases, mainly in Europe, despite legacies of institutionalised social dialogue, ESC-SIs have been either unable to produce a collective response or have been (partially) ignored in policy-making. Despite initial involvement, the ESC-SIs of the Netherlands, Greece, Belgium, Romania, Spain, Portugal, Czech Republic, Lithuania, and Ireland have all experienced a decline in their involvement during 2010-2011. Usually, this coincided with a deterioration of the economic situation (although in many countries a change in government also entailed a different attitude towards social dialogue). This rendered earlier agreements obsolete and pressure from the International Monetary Fund, the European Central Bank and the European Commission spurred governments to adopt quick reforms through decrees. In the Netherlands, despite early success with the agreements of 2008 and 2009, parties in the Social and Economic Council (SER) were unable to produce consensus on an alternative to the government's state pension plans by

26. Baccaro, L. and S. Heeb (2011) *Social Dialogue during the Financial and Economic Crisis. Results from the ILO/World Bank Inventory using a Boolean Analysis on 44 countries* (Geneva, ILO).

27. OKE - Economic and Social Council of Greece (2013) *Annual Meeting of the Secretaries General of the Economic and Social Councils of the EU Member States and the European Economic and Social Committee* (Athens, OKE): 9-11.

September 2009. Despite a fall in the Cabinet in February 2010, and a consequential absence of consultations, the social partners reached a tripartite agreement on pension reforms in June 2010. The following, more detailed, tripartite agreement of June 2011 came at the cost of strong internal tension within the biggest trade union federation, which in turn slowed down operations of the ESC as the union was unable to participate in decision-making. In addition, employers opted to directly consult with a centre-right government on policies<sup>28</sup>. Similarly, in Luxembourg employers left the main tripartite bodies, including the ESC which had been providing the government with proposals, as there was no more foreseeable consensus on a collective response to the crisis by June 2010. The government has taken action independently since, but has however stated it remains open to social dialogue. It has been asserted by the Secretary-General of the Luxembourgian ESC that the economic situation is not the main problem, but the lack of trust between partners as well as overlap with other tripartite bodies<sup>29</sup>. In France the tripartite plus Advisory Council on Pensions started with consultations, but the government did not engage in tripartite negotiations in 2010, stating a need for urgent action<sup>30</sup>. In Romania the government was obliged to consult the ESC before submitting bills to parliament<sup>31</sup> and social partners were initially involved in developing crisis measures. However, in 2010 the government adopted an austerity package through a decree, without having consulted the social partners. Unions left all tripartite bodies in protest<sup>32</sup>.

Prior to the emergency loans by the Troika, the Economic and Social Council of **Greece** (OKE) formulated a National Social Development Plan, which was accepted by the tripartite parties during a conference in Athens in March 2009. With the onset of the crisis the implementation of the agreement's provisions became obsolete, and social dialogue was superseded by the Memorandum of Understanding signed between the government and the Troika<sup>33</sup>. Information on the December 2010 pension reforms was shared with a committee of experts for explanation only, not consultation. The OKE prepared two reports expressing its opinion that the reform would greatly reduce the state burden on pensions. But within the OKE parties were unable to agree on elaborate alternatives to the reform<sup>34</sup>. With the introduction of austerity measures, tensions in society rose. In response to cuts in public sector wages, several general strikes were organised<sup>35</sup>. After a formal complaint by unions, the ILO Committee on Freedom of

28. OKE, 2013: 41-46; Sarfati, H. and Ghellab, Y. (2012) *The Political Economy of Pension Reforms in Times of Global Crisis: State Unilateralism or Social Dialogue* (Geneva, ILO): 57-58; SER - Social Economic Council of the Netherlands (2011a) 'The Future of Social Dialogue? ESCs Working in a more Diverse and Polarised Environment', *Annual Meeting of Secretaries-General of European ESCs. The Hague, May 12-13<sup>th</sup> 2011*. (The Hague, SER): 3-4.

29. SER, 2011a: 7-8.

30. Sarfati, H. and Ghellab, Y. (2012) *The Political Economy of Pension Reforms in Times of Global Crisis: State Unilateralism or Social Dialogue* (Geneva, ILO): 76-78.

31. Mihes, 2011: 5.

32. Ghellab and Papadakis, 2011: 87; OKE, 2013: 33.

33. Ghellab and Papadakis, 2011: 87.

34. Sarfati, H. and Ghellab, Y. (2012) *The Political Economy of Pension Reforms in Times of Global Crisis: State Unilateralism or Social Dialogue* (Geneva, ILO): 69-72

35. Eurofound (2012) *Social Dialogue in Times of Global Economic Crisis* (Dublin, Eurofound): 24.

Association ruled that there were repeated state interventions into free and voluntary collective bargaining and a deficit in inclusive social dialogue<sup>36</sup>. In Portugal some consultations have taken place, however, it is suggested this was used by the government in an attempt to create legitimacy for its pre-decided austerity plan<sup>37</sup>. In March 2011 a tripartite agreement was reached. However, as the government fell in April 2011, implementation was suspended, except for the establishment of the Labour Industrial Relations Centre. Social dialogue under the new government has been weak, as it signed a Memorandum of Understanding with the Troika, and only few proposals on labour market reform were offered to the Standing Commission for Social Concertation (CPCS), an independent body of the ESC of Portugal. Despite three decades of social partnership, social dialogue in Ireland came to a halt as well. While in September 2008 a landmark transitional national agreement was signed (as unions feared IMF intervention)<sup>38</sup>, deterioration of the economy rendered it invalid. In 2009 employers withdrew from negotiations over the renewal of the pay agreement, massive demonstrations occurred, and strikes were announced. As such the government proposed a new recovery plan, within the National Economic & Social Council (NESC), but negotiations failed<sup>39</sup>. The government enacted emergency legislation freezing public sector pay. From there on conflict was mediated through the Labour Relations Commission (notably the 2010 and 2013 public sector agreements)<sup>40</sup>. It is asserted that part of the obstacle for social dialogue was the lack of shared analysis on the underlying causes of Ireland's problems<sup>41</sup>. While the NESC has been tasked by the government to continue partnership, its influence has diminished as the Department of Finance has taken over policy coordination, especially in light of the Memorandum of Understanding signed with the Troika. By May 2011, members had not been appointed for nine months<sup>42</sup>. In Spain, social dialogue, after an initial statement of intent in 2008, came to a halt in 2009. While a February 2010 bipartite agreement was signed to balance wages and employment rates, and parties continued to hold talks, the centre-left government acted unilaterally in implementing a number of austerity measures from May 2010 onwards, as no consensus could be reached. The 2010-2020 Industrial Policy Programme, which was based on consultation, became obsolete. A tripartite pact on employment and pensions was signed in early 2011 (the Spanish ESC was seemingly not involved), however the government had to act unilaterally on collective bargaining as

36. ILO (2012) *ILO Calls on Greece to Bring its Labour Relations System back to Fundamental Rights*. November 15, 2012. Available online at: [http://www.ilo.org/brussels/press/press-releases/WCMS\\_193308/lang-en/index.htm](http://www.ilo.org/brussels/press/press-releases/WCMS_193308/lang-en/index.htm) (accessed October 24, 2013).

37. Ghellab and Papadakis, 2011: 87.

38. Eurofound (2008) *Social Partners agree on National Pay Deal and Industrial Relations*. Available online at: <http://www.eurofound.europa.eu/eiro/2008/10/articles/ie0810019i.htm> (accessed November 7, 2013).

39. Freyssinet, J. (2010) *Tripartite Responses to the Economic Crisis in the Principal Western European Countries* (Geneva, ILO): 13.

40. Regan, 2012: 14-16; Eurofound, 2012: 24; Ghellab and Papadakis, 2011: 87; Eurofound (2013) *Public Sector Unions agree to New Deal*. Available online at: <http://www.eurofound.europa.eu/eiro/2013/07/articles/ie1307019i.htm> (accessed November 7, 2013).

41. The government pointed to high labour costs in the public sector built up in the decades of growth, whereas others point to a lack of private sector competitiveness. Source: Regan, 2012.

42. Regan, 2012: 14-16, 22; SER, 2011a: 3.

no consensus could be reached<sup>43</sup>. Furthermore, the new centre-right government, elected in 2011 has made no steps toward inclusive tripartite social dialogue. The ESC of Spain indicated that it was not consulted on many issues, and limited its activities to publishing reports on the socio-economic situation of the country and the need for social and financial policies at the EU level. The lack of consultation is partially explained by no institutionalized obligation for the government to consult with social partners<sup>44</sup>. Nonetheless, tripartite social dialogue was revitalised in July 2014, with the conclusion of a pact on proposals for tripartite negotiations in order to strengthen economic growth and employment. This included the social partners' commitment to build a new model of economic growth, promote employment and expand social protection, especially among those groups most at risk of exclusion.<sup>45</sup>

However, some countries have managed to recover from the downturn in social dialogue. Currently social dialogue in the Netherlands has made a strong comeback. The rift in the main union confederation was successfully resolved and a new labour/liberal government came to power which subsequently needed support from the social partners due to a weak electoral mandate. As a result a social pact was reached in the spring of 2013. Negotiated within the Labour Foundation (a bipartite collective bargaining/concertation platform closely linked to the ESC), it presented pro-growth alternatives to the governments' original austerity plan. The ESC itself has produced a tripartite plus agreement on renewable energy in the same year, based on extensive consultations with civil society organizations. Similarly in Slovenia, while parties managed to agree on an anti-crisis package in 2008 and public pay cuts in 2009<sup>46</sup>, 2010 public sector wage freezes by the government led to strikes by the unions. This was ultimately solved through the signing of strike agreements in 2010 and 2012. Reforms on the labour market and pensions were defeated through referenda in 2011, leading to the collapse of the government<sup>47</sup>. Afterwards, starting points for a social agreement for the period 2012-2016, including the state budget and labour market and pension reforms, were agreed upon within the ESC<sup>48</sup>. As mentioned previously, in Belgium a January 2013 Social Pact was also concluded with the help of the CNT. In the National Council for Tripartite Cooperation (NCTC) of Bulgaria, the first years of negotiations

43. Eurofound (2012) *Spain: Annual Review 2011*. Available online at: <http://www.eurofound.europa.eu/comparative/tn1203020s/es1203021q.htm> (accessed October 23, 2013); Eurofound (2011) *Agreement Signed on Growth, Employment and Guaranteed Pensions*. Available online at: <http://www.eurofound.europa.eu/eiro/2011/02/articles/es1102031i.htm> (accessed October 23, 2013).

44. OKE, 2013: 38-41; Eurofound, 2012: 26-27; Molina, O. and F. Miguélez (2013) *From Negotiation to Imposition: Social Dialogue in Austerity Times in Spain* (Geneva, ILO): 11-12.

45. ILO (2014) *Spain: Growing with Jobs*, Studies on Growth with Equity, International Labour Office, Geneva: ILO.

46. Eurofound (2010) *Slovenia: EIRO Annual Review – 2008*. Available online at: <http://www.eurofound.europa.eu/eiro/studies/tn0903029s/si0903029q.htm> (accessed October 23, 2013).

47. Eurofound (2013) *Slovenia: Industrial Relations Profile*. Available online at: [http://www.eurofound.europa.eu/eiro/country/slovenia\\_2.htm](http://www.eurofound.europa.eu/eiro/country/slovenia_2.htm) (accessed October 23, 2013).

48. Eurofound (2013) *Slovenia: Impact of the Crisis on Industrial Relations*. Available online at: <http://www.eurofound.europa.eu/eiro/studies/tn1301019s/si1301011q.htm> (accessed October 23, 2013).

Eurofound (2013) *Slovenia: Industrial Relations Profile: Industrial Relations*. Available online at: [http://www.eurofound.europa.eu/eiro/country/slovenia\\_4.htm](http://www.eurofound.europa.eu/eiro/country/slovenia_4.htm) (accessed October 23, 2013).

were unsuccessful and led to the unions leaving the Council. However, in 2010 parties within the NCTC agreed on a new anti-crisis package<sup>49</sup>, for which the civic dialogue ESC provided key proposals. However, not all 60 measures were implemented equally<sup>50</sup>. Despite the revival of social mechanisms in these countries, other developments during the crisis have compelled a number of ESC-SIs to extensively reorient their function vis-à-vis the policy process (see section 2.6.3 on change).

### 2.2.3 ESC-SIs as Advisory and Consultative Bodies

According to ILO research, a number of ESC-SIs were not involved in the crisis response to the extent of concluding, or failing to conclude, a tripartite response. This is not necessarily due to a failure on the part of ESC-SIs or an absence of a culture of social dialogue. The mandate of most ESC-SIs in the world, and most of the surveyed ESC-SIs, is defined towards advice and consultation on policy and legislative reform. ESC-SIs have in particular been active in providing feedback on reforms and publishing (annual) reports on the social and economic developments in the country and were also often consulted upon by the government. It appears that only a small number were not officially involved by the government or played a more marginal role, as was the case in Albania and Oman.

Since the crisis, the Economic, Social and Environmental Council (CESE) of France has published more than 30 reports on issues related to the crisis, such as on female and youth employment, labour market and social reform, and the European 2020 Strategy and argued for alternatives to austerity. The government has requested 14 (advisory) reports from the council since 2007, and collaborated with the CESE in organizing two conferences in 2012, and a state Council on Poverty and Inclusion<sup>51</sup>. In Russia the Civic Chamber has provided numerous recommendations and proposals for Putin's Strategic Decrees (including the creation of 25 million modern jobs by 2020), which it will also monitor. In Gabon, the ESC published reports on the crisis, food security and the position of youth and women in the labour market. The ESC, as per its constitutional mandate, has also contributed to social protection reforms, specifically on the establishment of the National Fund for Health Insurance and Social Security (CNAM-GS) which targets the economically disadvantaged, by reflecting on implementation, required social security legislative reform and the appropriate level of contributions by workers in the public and private sector. As a result, those who registered are eligible for hospitalisation, and free medicines. The ESC of Senegal has assumed leadership in the concertation process surrounding the implementation of Global Jobs

49. Eurofound (2009) *Impact of Economic Crisis on Social Partners and Social Dialogue*. Available online at: <http://www.eurofound.europa.eu/eiro/2009/07/articles/bg0907029i.htm> (accessed October 23, 2013).

Eurofound (2010) *Government and Social Partners Agree New Anti-Crisis Package*. Available online at: <http://www.eurofound.europa.eu/eiro/2010/04/articles/bg1004011i.htm> (accessed October 23, 2013).

50. ILO-AICESIS (2013) ILO-AICESIS Conference 3-4 December 2013, Madrid, Spain – The Role and Impact of the ESC-SIs in the Response to the Global Financial, Economic, and Jobs Crisis (Geneva, ILO).

51. OKE, 2013: 15-19



Pact<sup>52</sup>. The ESC of Mauritius organised a high-level workshop on the impact of the crisis on the Mauritian economy, and to prioritise a list of issues and produce recommendations. Participants included representatives from the government, private sector, trade unions, academia, civil society and other interest groups. This effort, and follow-up consultations and discussions, culminated in an extensive report, focussing on different sectors and issues of unemployment.

In much of Africa, activities of ESC-SIs were mostly related to more structural development issues. In Burundi, the ESC organised a conference on economic development, especially in relation to overpopulation and the chances of youth. Since, the government has declared that all children must complete primary school, to promote a more skilled young labour force. In Cameroun, similarly, educated youth also have a difficult time finding employment. As such, the ESC has issued several proposals to increase jobs, including recruitment by the public sector it also issued proposals on the informal sector and easing access to credit<sup>53</sup>. In Guinea, the ESC held a day of consultation of the DWCP launched in February 2010 and organised a National Forum on Youth and Women. In Senegal, the ESC was also involved in drafting the DWCP and in designing measures to reduce child labour as well as implementing a monitoring mechanism for the National Development Strategy, as the main Poverty Reduction Strategy Paper (while civil society was involved, the ESC was excluded from designing the PRSP)<sup>54</sup>. However, it seemed it was excluded in designing the Strategy for Accelerated Growth, developed by the National Council for Social Dialogue (CNDS)<sup>55</sup>. In South-Africa, besides being an integral part in formulating the tripartite crisis response, NEDLAC oversaw signing of a youth employment accord by social partners, the introduction of a Tourism Amendment Bill, and reviewed the Labour Market legislation. In Burkina Faso, the ESC produced reports and recommendations on food security, youth unemployment and energy prices at the government's request.

In Aruba, the government requested an advisory report on the introduction of a tax on business revenues. The ESC of Curacao advised the government at their request on policy measures and draft legislation, as part of a wider national dialogue effort initiated by the government and covering the social partners and civil society. The ESC specifically advised on social security reforms with the aim of decreasing health care

52. ILO-AICESIS (2013) ILO-AICESIS Conference 3-4 December 2013, Madrid, Spain – The Role and Impact of the ESC-SIs in the Response to the Global Financial, Economic, and Jobs Crisis (Geneva, ILO): Intervention by Mr A. L Sy, UCESA.

53. ILO-AICESIS (2013) ILO-AICESIS Conference 3-4 December 2013, Madrid, Spain – The Role and Impact of the ESC-SIs in the Response to the Global Financial, Economic, and Jobs Crisis (Geneva, ILO): Intervention by the representative from Cameroun.

54. ILO-AICESIS (2013) ILO-AICESIS Conference 3-4 December 2013, Madrid, Spain – The Role and Impact of the ESC-SIs in the Response to the Global Financial, Economic, and Jobs Crisis (Geneva, ILO): Intervention by Mr A. L Sy, UCESA.

55. LeSoleil (2013) *Croissance Economique au Sénégal : Un Pacte Social pour Bâtir les Bases du Consensus entre Acteurs* [Economic Growth in Senegal: A Social Pact to Build the Basis for a Consensus between Actors], May 17, 2013. Available online at: [http://www.lesoleil.sn/index.php?option=com\\_content&view=article&id=28710:croissance-economique-au-senegal-un-pacte-social-pour-batir-les-bases-du-consensus-entre-acteurs&catid=51:economy&Itemid=63](http://www.lesoleil.sn/index.php?option=com_content&view=article&id=28710:croissance-economique-au-senegal-un-pacte-social-pour-batir-les-bases-du-consensus-entre-acteurs&catid=51:economy&Itemid=63) (accessed November 7, 2013).



expenditure and pension benefits by raising the retirement age, and fiscal support for the financial service industry within OECD tax haven criteria. However, it was left out of the formulation of the 'Strategies for Sustainable Long Term Economic Development in Curacao', executed by a private European research group, which was produced at the request of the government. The ESC notes that the government proposals aimed at reducing the budget deficit failed to meet their target and ignored multiple calls by the ESC for more substantive measures. Since, the government has consulted with the ESC on additional measures to increase tax income. In Honduras, besides signing the Grand National Agreement (see section 2.2.1), the council also developed and oversaw the signing of a minimum wage fixing agreement for the next two to three years, with the assistance of the ILO. It is expected that this will greatly contribute to maintaining competitiveness, predictability, foreign investment and employment. Besides a tripartite crisis response led by the CDES, in Brazil the tripartite CODEFAT, attached to the Ministry of Labour and Employment, approved extension of unemployment benefits in early 2009, which benefitted more than 320,000 workers. It also created the Worker Qualification Programme, which replaces employment with training for a limited period, to avoid dismissals.

Although the Jordanian ESC reported it did not undertake any special initiatives in response to the crisis, it was involved by the government in preparing economic and social reports, proposing an Economic Strategy for 2014. It organized many round table discussions with officials to discuss the removal of subsidies on oil derivatives and the impact of rising electricity prices. The council also organized a National Consultation on Youth Employability. The government adopted the advice of the ESC on poverty and unemployment as well as on creating an industrial and media city. A new tripartite labour committee has also raised the minimum wage<sup>56</sup>. In Algeria, the ESC was officially involved by the government in the crisis response. In December 2010, a month before the outbreak of the Arab Spring, Algeria renewed a 2009 Tripartite Pact and an interdepartmental working group was set up to prepare proposals for labour law amendments<sup>57</sup>. With respect to the crisis it also conveyed a conference, established a special working group and conveyed special meetings around the country. It organized the first General Assembly of Civil Society in June 2011, and the Social and Economic Forum for the 50<sup>th</sup> anniversary of Independence in June 2013. Most of the council's 50 recommendations have been included in the government's roadmap and are being implemented. The ESC is now part of the national tripartite meetings and, as part of its mandate, will continue to report on socio-economic developments in the country.

For other countries in the region, there have also been developments during the crisis. In Tunisia, a social contract was signed in January 2013, which also foresees the establishment of a national council of social dialogue. In July 2011 the Environmental,

56. ILO (2011) *Global Jobs Pact Country Scan: Jordan 2011*, p. 64-65; ILO (2012) *ILO, Decent Work Country Programme 2012-2015: Jordan, March 2012* (Geneva, ILO): 11.

57. Oumarou, M. and Y. Ghellab (2012) *Rapport de Mission, Alger, 7-0, 2012* (Geneva, ILO): 3.

Economic and Social Council became operational in Morocco<sup>58</sup>. In April 2011, a tripartite accord was reached which entailed significant advances in terms of salary for public sector workers, guarantees for minimum wage, and concession for the agricultural sector and pensions<sup>59</sup>.

However, high levels of activity within an ESC does not necessarily mean the government will involve the ESC in designing measures. For instance, despite organising the high-level workshop mentioned above, the ESC of Mauritius as an institute was never officially involved in consultations on the 2008 fiscal stimulus package, nor in the expansionary monetary policies, and instead individual counsellors acting on their interests groups, were involved in national policy formulation. However, despite a lack of official involvement, the ESC still initiated two reports on youth unemployment and challenges to global integration, aimed at assisting policy-makers in identifying challenges and solutions.

Thus, from the above picture it can be deduced that ESC-SIs have been active in response to the crisis. However, it is not always clear whether the level of these responses could have been limited by other factors. For some, ESC-SIs have been as active as their legal mandates allow, for others possible actions have been limited by their capacity and available resources. Still for yet some others, political will from the government or social partners to substantially involve the ESC-SI, might have prevented more substantive action even while they have been involved on several subjects. The extent of such occurrences remains unclear, although the above findings do present some substantial findings.

Secondly, despite the high percentages of activity in consultation and requests by the government, these actions and their consequences for the policy process and outcome remain to be qualified. Importantly, in this respect, there is as of yet no clear methodology of measuring influence of ESC-SIs (or what 'influence' would constitute to), and as such the data presented in this paper, remain to be further qualified.

#### 2.3.4 Passive ESC-SIs

Although it can be asserted that the role of some ESC-SIs mentioned above has diminished, a small minority of surveyed ESC-SIs seemed to have played a less than marginal role during the crisis. The ESC-SIs of Niger, Saint-Maarten and Venezuela were not involved in any crisis response at all. The Omani Tripartite Committee for Social Dialogue (CSD) was only established in 2010, and has not yet established a secretariat. So far the Omani CSD has only informally held meetings, but in response to the crisis has established a special working group. In Albania, the National Labour Council (NLC),

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58. Conseil Economique et Social du Maroc. "Actualités". Available at: <http://www.ces.ma/Pages/presentation.aspx> (accessed April 24, 2013).

59. Papadakis, K.; Hamdan, W. and Oechslin, E. (2011) *Mission conjointe BIT- Gouvernement et partenaires sociaux belges au Maroc*, 26-27 septembre 2011.

attached to the Ministry of Labour, Social Affairs and Equal Opportunities, played a marginal role. It is reported that meetings are held infrequently, and there are issues with its mandate; the NLC exists next to several other ESC-SIs. The limited activity is attributed to the Council's close ties to a government, which is of the opinion the crisis does not affect Albania (indeed, the unemployment rate has consistently been around 13% in the past years, but GDP growth has slowed to 3.1% in 2011, down from 7.5% in 2008). It is asserted the government does not grant the NLC enough decision-making power, or political support to form opinions. Social Dialogue now mainly occurs outside the National Labour Council.

### 2.3. Breakdown and Cooperation

The Czech Republic, Luxembourg, Netherlands, Belgium, Slovenia and Senegal were among the few to indicate a breakdown of negotiations within their ESC-SIs during the formulation of responses to the crisis). In Slovenia, public sector trade unions signed agreements on two separate occasions to comply with public reforms. In seven countries the crisis negatively affected the dynamics of industrial relations (Luxembourg, Belgium, Ireland, Slovenia, Czech Republic, Netherlands and South Africa). In the Czech Republic cooperation did increase, but only between the social partners themselves, polarisation occurred between partners and the government. In the Netherlands, the crisis response led to polarisation within the biggest trade union confederation. Similarly, NEDLAC in South-Africa, despite being heavily involved in crisis response measures, indicated that relations between the parties became more polarised than usual.

### 2.4. Post-crisis

#### 2.6.1 Continuing involvement: Consultation and Monitoring

The majority of ESC-SIs assessed for this study indicated that they would continue to be involved in monitoring crisis reforms and outcomes, or in administering new programs. For most countries this falls within their mandate, while only a few ESC-SIs mention concrete steps. For example, in Belgium the ESC will monitor implementation of the agreement and periodically publish information. The CDES of Brazil has been very active in monitoring both the impact of the crisis, as well as the outcomes of the measures taken by the government. It presents additional recommendations to the President for more effective policies. The working group set-up in 2008 to monitor the crisis has become the most important working group within the CDES. For others, this constitutes implementation or monitoring of a DWCP (Guinea, Congo and South-Africa), or PRSP (Mauritania), or administering an agreement (in the Netherlands the bipartite Labour Foundation has established a tripartite plus 'Action Team Crisis Response' to assist in implementing provisions of the 2013 Social Pact). In Burundi the ESC monitors the governments' 'Strategic Framework for the Fight against Poverty'. In Gabon, a special observatory has been created within the ESC-SI to monitor the

government's reforms and state expenditures. The Russian Civic Chamber has indicated that they will monitor Putin's Strategic Decrees, which put forward a set of key areas in developing the Russian economy, including, amongst others, development of industrial sectors which can boost internal demand, improve competitiveness, eradicate tariff obstacles, and promote non-state arbitrary court systems. One of the goals is to create 25 million jobs by 2020.

### 2.6.2 Adopted measures and impact

Several ESC-SIs have indicated that it is difficult to assess whether the measures have met their targets due to the nature of advice or consultations, due to the fact that implementation is on-going or too early to assess, or due to the fact that the global nature of the crisis limits the effectiveness of national responses. However, the previously mentioned pacts give an indication to the content of some of these proposals. In addition, below are some examples that have been highlighted by the ESC-SIs themselves.

In Cameroun, the ESC refers to a decrease in youth unemployment, and improvements in labour legislation as indicators of the measures reaching their targets. The activities of the Bulgarian ESC resulted, amongst others, in the adoption of key proposals in the tripartite document on "Measures Supporting Employment, Households, Businesses and the Fiscal Position". These provisions included the introduction of vouchers for vocational training combined with part-time employment for a period of no longer than six months, and the improvement of the Integrated Information System for Demand and Supply of Labour at the Employment Agency. Following ESC advice, further decentralized employment commissions which received substantial additional funding.

The tripartite Standing Committee for the Coordination of Social Affairs (CPCS) in Macau is responsible for studying and discussing labour and social policies as well as draft legislation, and as such advised on the "Temporary measures for the supplementary income", which came into force on January 1<sup>st</sup>, 2008. After discussions within the CPCS, the criteria for recipients were relaxed and the amount of benefits increased. With the improvement of the economic situation, the number of applications fell from 2,300 to 1,700 in 2008-2012. The CPCS is also reviewing the new Labour Relations law of 2008, to further improve labour legislation. Thanks to discussions and review of the 2010 Social Security System law, the initial benefit was gradually increased in 2011 and 2013. The minimum wage for outsourced security guards and cleaners for the public department, set in 2007, was similarly increased in the same years. In August 2011 the **Jordanian** King tasked the Tripartite Labour Committee to review the minimum wage, following calls for increased the minimum wage from 150 Jordanian Dinar (JD) to a monthly JD 250-30. The minimum wage was increased by 26 per cent to 190 JD, although foreign workers are excluded<sup>60</sup>. According to the OECD, 5,000 to 6,000 jobs

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60. ILO (2012) *Decent Work Country Programme 2012-2015: Jordan*, March 2012 (Geneva, ILO): 12.

have been saved through the part-time employment insurance in the Netherlands, which was part of the tripartite agreement of 2009<sup>61</sup>.

### 2.6.3 Change

A number of ESC-SIs, largely within Europe, have experienced sizeable changes in the inner workings and functioning of their institutions. Most notably, ESC-SIs in Greece, France and Italy reported a reduction in their budget. For Greece, this has meant that all 22 organisations have been making their contributions voluntarily<sup>62</sup>. With the breakdown of Social Partnership in Ireland, the NESC (which is attached to office of the head of government) has also undergone some changes. When reconvening in June 2011, a fourth environmental pillar was added (and the sustainable development council abolished). In addition, the government has referred to the NESC as a Multilateral Forum, which should treat on subjects close to the governments' agenda. As a result, the NESC has expressed concern that its new tasks will lead it to become too much of a direct aid to the government, instead as a platform for social and civil dialogue. As of 2013, part of the Secretariat has been assisting certain government departments on a temporary basis. In Romania, the government has replaced its seats with civil society organizations, and the ESC no longer plays a role in collective bargaining, as per the new Social Dialogue code (which the social partners have protested against and were not adequately consulted on)<sup>63</sup>. The government has also established a new National Tripartite Council for Social Dialogue chaired by the prime minister<sup>64</sup>. By 2012, unions had returned to the council, although members still have to be appointed, limiting the operations of the council. By April 2013 the ESC had not been given new tasks yet by the government<sup>65</sup>.

Several ESC-SIs have also changed their institutional configuration. A recent law in Greece has added representatives from Civil Society organizations, increasing the number of members from 48 to 60. In Lithuania, the council expanded from 15 to 21. Against the will of the Italian CNEL the membership size has been reduced from 120 to a maximum of 70, and the number of vice-presidents rose from two to four<sup>66</sup>. It is asserted this has taken place without respect towards proportionate social partner representation. In the Netherlands, representatives for the own account workers have been added to both sections of the social partners<sup>67</sup>.

Some ESC-SIs have been given new tasks, or have had responsibilities withdrawn. The CNEL of Italy has recently been tasked with updating the National Archive of Collective

61. Hijzen, A. and D. Venn (2011) *The Role of Short-Time Work Schemes during the 2008-2009 Recession*, OECD Social, Employment and Migration Working Papers, No. 115 (Paris: OECD).

62. OKE, 2013: 15-19, 47.

63. SER, 2011a: 8.

64. Eurofound (2012) *Social Partners Opt Out of Social Dialogue in Protest at New Legislation*. Available online at: <http://www.eurofound.europa.eu/eiro/2011/12/articles/ro1112019i.htm> (accessed October 23, 2013).

65. OKE, 2013: 33.

66. SER, 2011b: 3; NESC (2012) *Social and Civil Dialogue in a Time of National and European Crisis. Annual Meeting of the Secretaries-General of the ESCs of the EU and the EESC. 3<sup>rd</sup> & 4<sup>th</sup> May 2012* (Dublin, NESC).

67. SER, 2011a: 2-3.

Agreements in the Public Sector, as well as publishing annual reports on the status of collective bargaining in the public sector. However the election of the new Renzi Government in February 2014, has brought with it a number of new initiatives for reform, one of which includes the potential abolition of the CNEL. The changes which have occurred in countries such as Greece, Italy and Ireland are not surprising and are the result of weakened Industrial Relations institutions (such as collective bargaining and tripartite institutions) observed in many countries, as part of the austerity policy measures.

To end this section with a positive development, the Russian Civic Chamber has been assisting in establishing regional civic chambers and has gained the right to present the results of its public reviews of federal and regional bills during plenary meetings of the lower house of the parliament since 2011<sup>68</sup>. By mid-2012 more than 200 reviews of bills related to social issues were conducted.

### 3. Conclusion

This paper has revealed that a number of ESC-SIs around the world played an important role in limiting the worst effects of the crisis on the most vulnerable members of society. This was either in the form of actively developing collective, anti-crisis measures from the onset of the crisis, or by providing advice and consultation on policy packages and legislative reforms during the latter stages. It is also evident that a significant share of ESC-SIs will proceed to monitor the impact of the crisis as well as the effects of the measures taken however; this seems rarely to be connected to a specific programme. Instead, ESC-SIs will continue to publish annual reports on specific issues, or otherwise provide updates on the socio-economic developments of the country. The analysis also suggested that the ability of an institution to respond effectively is largely dependent upon the economic conditions of the country, the industrial relations environment and the institutional framework of the ESC-SI itself.

In contrast, a minority share of ESC-SIs experienced setbacks as the crisis deepened. This dynamic mainly occurred in Europe where Governments were under immense pressure from International Financial Institutions, as well as financial markets to undertake far reaching fiscal consolidation programmes and labour market reforms. The adjustment measures pursued, especially those entailing cuts in wages and social welfare affecting the public sector, did not involve effective consultations and negotiations with the social partners, while many governments bypassed social dialogue institutions altogether, in an attempt to restore competitiveness.

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68. By law the Civic Chamber receives all bills submitted to the lower house, which it will send to lawyers and experts, and discuss it with its members

This development is cause for serious concern, as when economic growth returns and demands for higher wages are made, the dismantling of social dialogue institutions will leave little space for peaceful consultations or dialogue in creating positive-sum policies for sustainable and inclusive growth. In addition, it is questionable what the aims of these dismantling efforts have been, as it is not proven they have led to more economic growth, increased competitiveness or reduced government deficits. Instead, unilateral action of national authorities has resulted in an overwhelming surge in societal conflict through increased strikes, street protests and deteriorating social climates. In contrast, where social dialogue has the most deeply rooted traditions and institutional underpinnings, countries have done better in weathering the crisis. Austria, Finland and Sweden provide some examples of those that have retained their social models, and utilized social dialogue during the crisis.

Outside Europe, the impact of the crisis differed, as did the area of policy responses by ESC-SIs. While in Europe designing crisis emergency measures dominated the policy agenda, a large share of ESC-SIs, especially those in developing countries, have focussed on more structural development issues, such as youth unemployment and food security, especially those in Africa (although the EESC has also organised a conference on youth employment). For these ESC-SIs, the crisis amplified the need to address pre-existing challenges.

A crisis can bind parties together, and the overwhelming majority of ESC-SIs have indicated that cooperation increased throughout the crisis. However, for European countries the experience has been different, and where reported, the bypassing of social dialogue institutions was combined with social unrest. It should also be noted that several ESC-SIs were forced to reconsider their purpose within the policy process in their country, and several were institutionally weakened or marginalized.

These events portray an urgent need for balanced labour reforms which ensure both the adjustment of enterprises and adequate workers' protection. For the ILO, national social dialogue cannot thrive in an environment where freedom of association and collective bargaining rights are not respected and where social partners are weak or fragmented. Such balance can only be achieved through tripartite social dialogue, which provides "a strong basis for building the commitment of employers and workers to the joint action with governments needed to overcome the crisis and for a sustainable recovery", as stressed by the Global Jobs Pact (ILO 2009). In past crises, social dialogue has proved irreplaceable as a tool of balanced crisis management and a key governance instrument for change.

In closing, it should be noted that every crisis also presents opportunities to improve cooperation between the tripartite partners, in order to respond effectively to the challenges of the moment and to create the conditions for the smooth management of national economies when recovery sets in. It is therefore vital to draw lessons from



national experiences and discuss how ESC-SIs can retain and strengthen their relevance in the policy response to the diverse challenges an increasingly globalised economy poses. The commitment to address the consequences of the crisis should go hand in hand with the commitments of the Oslo Declaration which reaffirms the importance of the role of social dialogue and “responsible social partners” in the promotion of a sustainable economic and jobs recovery.

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## List of Abbreviations

AICESIS	International Association of Economic and Social Councils and Similar Institutions
EESC	European Economic and Social Committee
ESC	Economic and Social Council
ESC-SIs	Economic and Social Council or Similar Institution
EU	European Union
GDP	Gross domestic product
GJP	Global Jobs Pact
IFI	International Financial Institutions
ILC	International Labour Conference
ILO	International Labour Organization
MDG	Millennium Development Goals
PRSP	Poverty Reduction Strategy Paper
OECD	Organisation for Economic Co-operation and Development
UNDP	United Nations Development Program



# **Recent experiences by countries**

## *Latin America and Caribbean*





## The Economic and Social Council of the city of Buenos Aires (Argentina)

Sergio Abrevaya,

*President of the Economic and Social Council of the City of Buenos Aires (Argentina)*

### Origin of the Council

The City of Buenos Aires is the capital of the Argentine Republic, and although it is called a “city”, according to the 1994 reform of the National Constitution, it ranks as a province. Around 3 million people live in it and 3 million more go into it every day to work or engage in leisure activities, making it the largest urban area in the country, the second largest in South America and one of the ten most populated urban centres in the world.

It is the political centre and headquarters of almost all the big companies in the country. It has universities of excellence and is the main centre for scientific and technological research in Latin America, as well as being an important artistic and intellectual hub. The city was, and still is, a receiver of immigrants from inside Argentina and from other countries.

The city has a surface area of just over 200 km<sup>2</sup> and its inhabitants are distributed across 48 neighbourhoods which, from the political-administrative point of view, are grouped in 15 municipalities.

There is no Economic and Social Council at national level in Argentina, although there have been similar organisations in the past and a large number of legislative bills proposing the need to create it.

The Constitution of the city was sanctioned in October 1996, thus enabling the autonomy of the City to come into force, establishing for the first time the election by the vote of its citizens of the Head of Government and of his or her term of office.

The Economic and Social Council of the City of Buenos Aires has its origin in art. 45 of that Constitution, which laid down that *The Economic and Social Council, composed of*

*trade union associations of workers, business organisations, professional associations and other institutions representing economic and social life, and chaired by a representative of the Executive Power, must be regulated by law. It has parliamentary initiative.*

Nevertheless, more than ten years passed without it being regulated. The General Metropolitan Economic Confederation lodged an appeal for legal protection with the courts requesting enforcement of the constitutional mandate that in its art. 45 orders the creation of the Economic and Social Council. The Contentious Administrative and Taxation Chamber of the Autonomous City of Buenos Aires, in a ruling dated 11/9/07, allowed that request, and in its judgment informed the Legislative Body that it ought to pass the law provided by art. 45 of the city's Constitution.

In 2009, the Buenos Aires Legislature passed Act 3.317 regulating the Economic and Social Council (ESC), defining it as a non-state public institution, with organic and functional autonomy to fulfil its aims with regard to the governmental powers of the City of Buenos Aires.

In accordance with this law, the main aims of the ESC are, among others: to become a channel for participation by social and economic partners in planning and formulating the city's socio-economic and labour policy; to put itself across as a permanent channel for dialogue, discussion and coordination among the various economic and social sectors of the city; to foster socio-economic development; and to establish itself as a forum for frequent consultation for the community, intermediate organisations and government bodies of the city.

The ESC can act at the request of the Executive and Legislative Power of the city and any state institution in economic, social, vocational training and skills training matters, as well as according to its own agenda. It can deliver an opinion on projects for decrees by the Executive Power and draft bills of the Legislative Power, and on public or private investment projects having an impact on the economic life of the city. It also has parliamentary initiative in all the matters mentioned.

Dr. Sergio Abrevaya was appointed President of the ESC by Decree no. 94 of the Executive Power of the City on 25 January 2012; on 8 May that year, the official presentation of the institution to a number of important figures from the city's socio-political circles took place, marking the start of activities by the ESC.

The Council Assembly elected Mr. Alejandro Borensztein, President of the Argentine Chamber of Independent Television Producers (CAPIT), to the post of first Vice-president of the Council, and Mr. Víctor Santa María, Secretary General of the Single Trade Union of Workers in Tenant-based Horizontal Buildings (SUTERH) as second Vice-president of the Council.

The law provides that the ESC must be composed of Representatives of Associations of Workers, Business Organisations, Associations and Entities Representing Professionals and other institutions representing the economic and social life of the city.

It should be noted that, like other Councils in other countries, among its members the ESC has six trade unions and six business associations as main players regarding work and production. Other institutions belonging to it include, for example, four universities (two belonging to the University of Buenos Aires and two representing private universities); religious institutions, represented by the Social Pastoral Archdiocese of Buenos Aires; the Argentine Israelite Mutual Association (AMIA); and the Islamic Centre of the Argentine Republic; the Public Professional Association of Lawyers of the Federal Capital, the Professional Council of Economic Sciences, and other institutions representing the economic and social life of the City of Buenos Aires, including consumer defence organisations, cooperatives and mutual associations.

It is also important to mention that, as this is the first makeup of the Council, the 25 organisations that it comprises have designated their secretaries general, presidents and directors as representatives at the Council.

In turn, although the vast majority of organisations present in the ESC are from the city sphere, they have representation and influence at national level as well. It includes as members, for example, Mr. Omar Viviani, Secretary General of the Trade Union of Taxi Workers of the Argentine Republic (CGT), Mr. Carlos Chile Huerta, from the Argentine Workers Central Union (CTA), Mr. Gerardo Martínez, Secretary General of the Argentine Republic Construction Workers' Union (UOCRA), Mr. Jorge Brito, President of the Association of Argentine-owned Private Banks (ADEBA), Mr. Alejandro Borensztein, President of the Argentine Chamber of Independent Television Producers (CAPIT), Mrs. Graciela Fresno, President of the Association of Hotels, Restaurants, Confectioners and Cafés (AHRCC), Mr. Víctor Santa María, Secretary General of the Sole Trade Union for Tenant-based and Horizontal Buildings (SUTERH), among others. All this has given the Council strong political weight, showing how important this institution may become for the city.

## **First actions**

When it began work, the ESC set out to make progress on two objectives: on the one hand, a debate on the Reform of Secondary Education and, on the other, the development of the debate and proposals on the socio-productive profile sought for the City of Buenos Aires.

As regards the education issue, in order to create citizen awareness and promote the necessary reform and modernisation of secondary schools, the Economic and Social

Council of the City of Buenos Aires, on the basis of a request by the Minister for Education of the City, held a plural and participative debate on the subject. It was undertaken in a series of participative meetings in different shapes and forms, such as forums, workshops, round tables, panels of experts, etc.

In this process, the present and future of secondary education in the city was analysed and debated in 33 meetings held from August to November 2012. More than 1500 people attended in person and another 1600 did so electronically. They included experts in education, teaching and non-teaching professions, directors, teachers and pupils from educational establishments, business associations, football clubs, universities, religious groups, civil society organisations, cooperators, professional councils, political parties, cooperatives and figures from the fields of culture and sport.

With what was obtained from the different voices and opinions expressed in each of the debates held, the Economic and Social Council's first report, *19 Pillars of Secondary Education 2020*, was drawn up. It was presented to the authorities of the Buenos Aires Legislative Body and of the Ministry of Education of the City, in order for it to be taken into account and have bearing on the processing of the Education Law in the city.

As for the second objective, the Council set to work on the foundations of the new socio-productive paradigm of the City of Buenos Aires, contemplating the integration and participation of all the social players, in pursuit of a harmonious confluence between welfare, education and work.

To work on this aspect, the Council has created ten committees to debate and generate proposals for the future of the city. The committees created were: Labour – Industry – Trade – Social Policies and Social Economy – City Brand – Housing – Tourism – Health – Academic Affairs and University Professions – Transit and Transport.

During 2013, five of these committees managed to approve reports on various subjects. For example, on the basis of work by the Housing Committee, the Assembly approved the *Social and Housing Diagnosis of the City of Buenos Aires*, the aim of which was to build a general diagnosis of the housing and habitat problem in the City of Buenos Aires, with a sensitive eye on different profiles (according to income levels, age groups, gender conditions, etc.).

The Council also approved a study carried out by the Trade Committee, in which the Executive and Legislative Power of the City is recommended to *Put in place a specific programme for creating Open Air Shopping Centres in the City of Buenos Aires*.

Other committees, meanwhile, made headway in diagnoses on sectors of the city, such as *Labour Market in the City of Buenos Aires, First Report – Industrial Profile of the City of Buenos Aires, Social Economy in the city of Buenos Aires*.

## Relationship with other Councils

With the intention of strengthening ties and relations with institutions that pursue similar aims, as well as learning from their experiences, the Economic and Social Council has linked up with Councils from different parts of the world.

In the first place, at the 13th International Meeting of Councils and Similar Institutions and of the General Assembly of the International Association of Economic and Social Councils (AICESIS) in 2013, it was decided unanimously that the Council of the City of Buenos Aires would be an observer member in that organisation. This has enabled the Council to take part in different activities organised by the AICESIS, such as, for example, in the International Conference of the Economic and Social Council of Spain on *The role and impact of Economic and Social Councils and Similar Institutions in response to the financial, economic and employment crisis at global level: exchanging experiences and good practices*.

In the second place, the Economic and Social Council of the City of Buenos Aires was one of the founders of the CESALC (Economic and Social Councils of Latin America and the Caribbean) Network, created in 2013 in the framework of the celebration of the 10th anniversary of the Development Council of Brazil. This meeting, held in Brasilia, culminated with the adoption by those present of the *Carta de Brasilia* as the constituent document of the Network. The CESALC is composed of national Councils and of sub-national, municipal, state, provincial, administrative region councils, etc.

In April 2014, the Economic and Social Council of the City of Buenos Aires hosted the 2nd Meeting of the Network of Councils of Latin America and the Caribbean, at which the central theme was *Advances in and challenges for social policy in Latin America and the Caribbean*. There, representatives of each council in the region set out the problems in the struggle against poverty.

The participants highlighted the value of the Councils and referred to the need to achieve sustainability with social inclusion, for the purpose of which governments, business enterprises and institutions needed to work together. Added to that, they established that, with an eye on the future, inclusive development, participation and civil dialogue are essential. Work was also undertaken on building the model of government and functioning of the Network, on the work plan for the next two years, on electing the Network Management Committee and on defining the venue for the 3rd Meeting of the CESALC Network.

Lastly, the Economic Council of the City of Buenos Aires had the initiative to convene and gather together the different Provincial and Municipal Councils that exist in Argentina, managing to put together the Network of Economic and Social Councils of

Argentina. The aim of this network is to promote institutions of this kind the length and breadth of the country and for those that already exist to exchange experiences.

## Next steps

Currently, the Economic and Social Council of the City of Buenos Aires is working on the problem of Urban Waste in the City of Buenos Aires, looking at the long term. The Minister for the Environment and Public Space asked the Council to include an open and inclusive debate on this issue on the agenda, for the purpose of which the presidency of the Council is adopting a work schedule that includes the participation of all the sectors involved in the matter.

Moreover, different committees will soon be submitting their reports to the Assembly for consideration. For example, the Housing Committee is going to submit proposals for public policies to tackle the city's social and housing deficiencies; the Committee for Academic Affairs and University Professions will submit the Diagnosis on the importance of the professional sector in the city; and the Tourism Committee will submit a report on the relevance that the tourism sector has for the economy of the city.

For more information about the Economic and Social Council of the City of Buenos Aires:

[www.consejo.gob.ar](http://www.consejo.gob.ar)

[www.facebook/consejociudad](https://www.facebook.com/consejociudad)

[www.twitter/consejociudad](https://www.twitter.com/consejociudad)

## The Economic and Social Council for Development: ten years of dialogue and partnership

Ronaldo Küfner,

*Acting Secretary of the Secretariat of the Economic and Social Development Council*

The Economic and Social Development Council (ESDC) of Brazil was created with the purpose that figured in the governmental programme of the candidate to the position of President of the Republic at the time, Luiz Inácio Lula da Silva, in 2002, of creating a “new social contract” in the country. This proposal required a political will to bring cohesion to Brazilian society in order to promote a modern, democratic and socially supportive nation. This endeavour made it necessary to create associations covering a broad spectrum of society in order to involve everyone in the joint search for a new Brazilian reality.

This complex process was not exclusive to Brazil. In order to give shape to the Brazilian ESDC, extensive research was carried out into the experiences of the economic and social councils in other countries such as Spain, Portugal, Italy, Austria, Holland, etc. Aspects from all these were taken into account to draw up a model that also reflected the specific features of Brazil. The process is still subject to adaptation in line with changes in the country. However, many people consider that this is a path that can only go forward as the Council is increasingly perceived as an important tool in the construction and consolidation of the Brazilian democracy.

In its initial format, the ESDC, created in 2003 by President Lula, was included in a Special Secretariat with the category of a ministry, under Minister Tarso Genro, the intellectual instigator of the Council and a great enthusiast of this model of shared governance. Originally, the ESDC had 82 Council members from civil society and ten members from the government. This structure has evolved over the years, and today there are 90 Council members from civil society and 18 State Ministers. Also, the Secretariat of the Economic and Social Development Council (SEDES) no longer has the category of ministry and now forms part of the Secretariat for Institutional Relations (SRI). This enables it to complement the SRI network for dialogue, which

includes among its responsibilities relations with the Parliament, states and municipalities.

There have also been other transformations under President Dilma Rousseff, since 2011. The Council was included in the Secretariat for Strategic Affairs (SAE) in order to strengthen the government's long-term planning tasks. Finally, it was considered that there should be greater proximity with the President of the Republic so in 2013 the Council was included in the *Casa Civil* which has the function of "assisting the President of the Republic directly and immediately in the performance of his or her competencies, especially: a) in the coordination and implementation of the government's actions; b) in the preliminary verification of the constitutionality and legality of presidential acts; c) in the analysis of the merit, timeliness and compatibility of proposals, including matters being processed in the National Congress, with governmental guidelines; d) in the evaluation and monitoring of governmental work and of the management of bodies and entities within the Federal Public Administration"<sup>1</sup>.

All these changes aimed to improve the functioning of the Council, and to set in place what is needed to ensure its work is increasingly effective and useful.

## An unprecedented proposal

Former minister Tarso Genro recollects that President Lula had asked the ESDC to be conceived as a chamber for political consultation. On that occasion, within the President's party, that is, the Workers' Party (*Partido dos Trabalhadores, PT*), there were those who were against the proposal because they did not understand exactly what it was. In the words of Tarso Genro, the creation of the Brazilian Council was "an attempt to identify common points to create a new block of political and social support for President Lula. The ideological and political debate was to continue within the sphere of party politics. And that is what actually happened"<sup>2</sup>.

During its creation, the Council was also subject to harsh criticism from part of the press and the National Congress which, at that time, considered that it would replace the political work of the members of parliament and the senate and would therefore amount to an attempt to turn civil society into support for the new government.

To answer these doubts, at the first plenary session of the ESDC, President Lula stated, "As in the world's main democracies which have councils, the search for consensus among society, for a real strategic social agreement, can be very useful for the work of the Executive and even for the Legislature while not damaging any of their prerogatives; in fact,

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1. Article 2 of Act 12.462, of 4 August 2011, which establishes the organisation of the office of President of the Republic and of the ministries.

2. Development in debate: 10 years of contributions from the ESDC.



enhancing their value.”<sup>3</sup> And he added, “In my capacity as President of the Republic and exclusively in the area of the attributes of the Executive Power, I want to hear what society has to say”<sup>4</sup>.

## Composition

In order to meet the challenges, a group was formed of people prepared to think about Brazil, people who would be prepared to set aside their personal and corporate interests for the benefit of a common objective, that of the development of Brazil. It was therefore decided that the ESDC should be made up of workers, entrepreneurs, social movements, the government, well-known figures and leaders from various sectors. The council members were to be elected on their basis of the degree to which they represented their sectors, their social outreach, political background and capacity to contribute to and achieve an impact from debates on matters that are fundamental for the development of the country. It must be stated that council members are elected exclusively by the President of the Republic with a two-year mandate, and may be re-elected without any maximum limit.

This varied composition has allowed a systemic view to be formed on matters that form the basis for the understanding, which is now shared within the ESDC, that development involves many necessary aspects (economic, social, political, cultural, environmental) and depends on the involvement, responsibility and will of society as a whole.

## A long-term approach

Another great challenge for the Council was to draw up a methodology and a working strategy that would meet the need to improve the Brazilian democracy and promote development of the country. Today the ESDC uses a formula for work and debate that can be summarised in two groups of documents: 1) strategic guideline documents, and 2) documents on specific situations.

The first group comprises a set of studies with a long-term view establishing targets for development. The first strategic guideline documents were the Consultation Charters drafted in 2003 and 2004. The main topics discussed can be summarised as follows: i) the challenge of promoting political and social renewal, social inclusion, participation in public life and income distribution; ii) the need to direct public policies towards the

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3. See the full speech by President Lula at the 1st Ordinary Plenary Meeting of the ESDC at: <http://www.cdes.gov.br/evento/21/pleno-do-cdes-reuniao-ordinaria-n-1.html>

4. See the full speech by President Lula at the 1st Ordinary Plenary Meeting of the ESDC at: <http://www.cdes.gov.br/evento/21/pleno-do-cdes-reuniao-ordinaria-n-1.html>

promotion of social inclusion, raising social mobility, fighting economic, territorial, gender, race and age inequality and informal working conditions; iii) urgent review of a perverse economic growth model, which had led to an economic policy that aimed only to fight inflation and adjust the balance of payments; iv) the fight against unemployment through specific urgent actions, maintaining economic equilibrium; v) the need for a new social contract making it possible to establish projects and agree on rules to promote growth with social inclusion; vi) an industrial, technological and foreign trade policy with a view to achieving inclusive sustainable growth.

After this period, President Lula made a request to the Council. He suggested that, in view of the diversity of opinions and perspectives, the ESDC should concentrate on the strategic decisions that should be submitted to the government to return Brazil to the path towards development. After several debates, the Council established 27 strategic guidelines that were brought together in the document entitled “National Development Agenda”<sup>5</sup>, submitted to the President of the Republic in mid-2005. This document defined six problematic areas for which various objectives were outlined. Inequality was established as the main problem to be resolved. For this purpose, the first guideline was adoption of equity as a criterion for the promotion of public and private policies. The second established the role of education as the basic cornerstone of development.

In 2006, the ESDC presented a document – Strategic Statements for Development<sup>6</sup> – which included a set of guidelines with physical and financial objectives pointing specifically to restored, sustainable development as from 2007, with a long-term horizon in 2022. 24 statements were drafted on subjects such as political reform, the development and economic policy model, social policy, reduced interest rates, tax reform, science, technology and innovation, economic and social infrastructure, industrial policy, the strengthening of micro and small enterprises, the fight against informal employment, agricultural reform, public security and the judiciary and strategic governance. The Statements developed the consensus obtained in the National Development Agenda, proposing specific targets and timing, and offering a basis for a movement towards strategic consultation for development.

Some years later, in its debates the ESDC concluded that the country was coming closer to the vision proposed in the National Development Agenda and in the Strategic Statements for Development, that many of the guidelines proposed had been set up through actions of the government and of the social agents and that these had led to important changes. A new economic and social reality was thus identified in which Brazil had freed itself of almost three decades of semi-stagnation. In view of this, the ESDC suggested that Brazil had reached a new level of development. This new position

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5. See the full text of the National Development Agenda: [www.cdes.gov.br](http://www.cdes.gov.br).

6. See the full text of the Strategic Statements for Development at: [www.cdes.gov.br](http://www.cdes.gov.br).

opened up the possibility that the country could undertake the reforms needed to enter a path of sustainable development. This was the background for the Agenda for the New Cycle of Development (ANC).

In 2009, in the ANC the Council defined the essential cornerstones for development in Brazil: 1) new horizons in education; 2) challenges of the democratic state and for achieving development; 3) transition to the knowledge economy; 4) decent employment and inclusion in production; 5) a pattern of production for the new cycle of development; 6) the potential of agriculture; 7) the role of infrastructure: transport, energy, communication, water and sanitation; 8) environmental sustainability, and 9) consolidation and expansion of social policies.

In addition, from the perspective of long-term development, on the occasion of the United Nations Conference on Sustainable Development Rio+20, the Council led an effort in association with 76 national and international entities to produce the Sustainable Development Agreement<sup>7</sup>. This was the result of the willingness of civil society to participate in the global search for sustainability.

The process of dialogue resulted in a document affirming the commitment to go beyond the UN conference by building a social network that would continue working towards consensus and shared responsibilities for the implementation of decisions.

## Present situation

In parallel, the ESDC aims to monitor the most important national and international matters which, from its point of view, require a faster response than that stemming from the recommendations in the strategic guideline documents. In general, once these matters have been determined, they are discussed in working groups which generate reports and motions with suggestions to be adopted. Along these lines, the ESDC submitted recommendations for dealing with the international economic crisis, protecting development and income distribution in Brazil; analysis of the relevance and direction of tax and political reforms; support of the structure proposed by the National Fund for Regional Development; contribution to the draft law creating Public-Private Associations, the General Law for Micro and Small Enterprises, the Fund for Development of Basic Education (FUNDEB) and the National Agenda for Decent Employment. Also, as a result of suggestions made by the Council, the Government has decided to regulate payroll-based credit operations, investment accounts, the channelling of resources towards microcredit and the Bankruptcy Law.

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7. See the full text of the Sustainable Development Agreement at: [www.cdes.gov.br](http://www.cdes.gov.br).

## Strategic partnerships

In addition to all this methodology, the ESDC has been participating from the start in the AICESIS (International Association of Economic and Social Councils and Similar Institutions) and chaired it during the period 2007-2008. Participation in this Association allows for the sharing of experiences with councils from all over the world and enhances the work of the ESC. On an international level, agreements for cooperation have been established with other Councils – the European Economic and Social Council (EESC), the Civil Chamber of the Russian Federation and the Councils of Greece, Algeria, Congo, Korea, Spain, France, Holland, Italy, Portugal and Armenia – and joint recommendations have been made on matters concerning them to the respective Heads of State.

It must also be stressed that, in addition to sharing experiences, the Council aims to adjust its international action to the consideration of the interests of Brazil and its partners in the search for a better world. The events and debates resulting from agreements for cooperation aim, in addition to furthering social dialogue, to propose topics to be shared with our international partners and thus to strengthen the content produced by the Council. Debate on topics that are of importance for Brazil and other countries or groups of countries enhances the vision of the Council members regarding the international scenario.

An indication of the importance placed by the Council on international partnerships is the fact that this year the Round Table between the ESDC and the EESC reaches its eighth edition. Also, four meetings have already been held with the Russian Federation.

## Networking actions

Intense international action together with a consolidated working structure in Brazil has led the Council to understand the importance of creating an advisory body to help consolidate democracy in Brazil in the states and municipalities of the Federation. Whenever requested, the ESDC has supported the creation of state and municipal councils in Brazil. This work has culminated in the creation of the Brazilian Network of Economic and Social Councils. This is based on the sharing of experiences and information and creates a forum for dialogue and a shared agenda of debates. Participating at present in the Network are the Councils of the states of Alagoas, Bahia, Distrito Federal, Espírito Santo, Maranhão, Paraíba, Paraná, Pernambuco y Rio Grande do Sul; and the municipal councils of Goiânia/GO, São Pedro/SP, Canoas/RS, Erechim/RS, Santarém/PA, Diadema/SP, São Carlos/SP and Presidente Venceslau/SP.

This national network was consolidated during the 1<sup>st</sup> Meeting of Brazilian Economic and Social Councils held in October 2012. Since then, another two editions of the event

have been held, one in Porto Alegre/RS in 2013, at which the topic for debate was “Popular and civil participation: the challenge of modern democracies”, and the other in Brasilia/DF in 2014 on “The importance of social participation and the construction of networks to strengthen democracy in Brazil”.

Finally, and always within this spirit of collaboration and interchange, the ESDC led the creation of the Network of Economic and Social Councils in Latin America and the Caribbean (CESALC) with the holding of a meeting in July 2013 promoted by the ESDC in Brasilia/DF. This brought together representatives from nine countries in the region as well as European guests in yet another event promoting greater contact among economic and social councils and similar institutions on a regional level.

The ten years of action by the ESDC up to 2013 have shown the power of dialogue as an instrument for the transformation and consolidation of democracy and lead us to the conviction that, without social participation, a government runs the risk of losing touch with society and missing opportunities for receiving valuable contributions. We also consider cooperation among councils within countries and among different countries and/or regions to be essential. We are therefore prepared to participate in new meetings, new debates and greater social participation.



# The Economic and Social Council of Guatemala: achievements and challenges

Gustavo Porras Castejón,  
*Chairman of the Economic and Social Council*

## Context

The Guatemalan Economic and Social Council (ESC) is a child of its time. It forms part of a context for social dialogue that has been developing in Guatemala since before the Peace Agreements were signed (29.12.96) and constantly since then. To a large extent the Agreements marked the path to be followed because of their broad scope and the variety of topics covered in them. In addition, one of the cross-cutting points in these agreements was participation by society in the analysis and decisions that affect it.

However, while the exercises in dialogue that were set up by different governments fulfilled the function of building bridges between sectors that were previously unaware of each other and resulted in some agreements, they also had a number of weaknesses. One of them was the repeated demand on the part of the so-called civil society organisations and other actors that decisions resulting from such dialogues should be “binding”, that is, they should have an obligatory nature for the State and, consequently, for citizens. However, this is impossible in a State based on the universal principle whereby sovereignty is held by the people as expressed by their votes. Only the elected authorities or those who constitute the authorities can issue resolutions that are binding for third parties.

Another weakness in these dialogues was the multiplicity of participants, many of whom were not representatives from sectors of society but came from fields such as human rights, the rights of indigenous peoples and of women, and environmental protection, and this introduced extreme diversity in the dialogue and, above all, in the positions adopted on the various topics. While maintaining this type of exercise as “brainstorming” or to provide an inventory of concerns or a design for the ideal country, it was felt necessary to hold a dialogue on specific aspects, especially on the shared

interest of the participants, however diverse their positions on how to achieve the goals.

It was also perceived that the dialogue should be permanent and limited in scope, to enable participants to consider subjects in depth, with specialisation, avoiding excessive dispersion. It was in these circumstances that the idea of an Economic and Social Council arose in Guatemala in the Netherlands Institute for Multiparty Democracy (NIMD).

The above occurred in a larger context determined by the situation of the country and how it linked up with the global reality. The ESC of Guatemala arose when a number of phenomena of various types were taking place. Capital was becoming more concentrated than ever and, with it, earnings and income while the proportion of GDP taken by wages was falling constantly. That is, while capital was becoming stronger and stronger and emerging powers were arising that questioned the traditional hegemony, large enterprises were feeling pressured to offer decent employment, and rival powers showed not only profound contradictions but also profound shared interests. This in part determines one of the characteristics of today's world, namely, that it is necessary to reach agreements between capital and labour and among countries. The fact that the great powers today exert much more power than in the past, for example, has to be seen alongside inter-dependence among nations, even the smallest. The exploitation of child labour, for example, may place a business in greater difficulties than its own competitors. The ungovernability of small countries may affect global security. And the crucial matter of the environment cannot be resolved without the participation of all, so no country should be left out.

## Achievements

The first great achievement of the Guatemalan Economic and Social Council was its actual creation. The Council is a permanent institution governed by public law with legal personality, and its own assets and budget. It has autonomy for achieving the purposes assigned to it by law. The law defines it as a "consultative body of the State" which gives opinions on the content and management of economic and social public policies and may also "discuss and draw up opinions at its own initiative". It is made up of three basic production sectors organised at national level – cooperatives, employers and trade unions. Recognition and appreciation of what this means can be seen, amongst others, in the vote by the Congress of the Republic to approve the law creating the ESC, with 128 votes from 147 members of parliament present, while the law required a qualified majority which is reached at 105 votes.

To reach this situation, eight years of low-profile but persistent work were required. This included the political sector (one of the first activities was the visit by Guatemalan



members of parliament to the Economic and Social Councils of the Netherlands and Spain), and the employer and trade union sectors and, a few years later, the cooperatives sector. For high-level entrepreneurs to participate in a permanent dialogue with trade unions was not only unprecedented but seemed impossible. In the cooperatives sector, the distances were not so great or did not exist at all. This surprising turn of events stemmed from circumstances at the time. It is essential today for agreements to be reached since workers cannot ignore the world of business and employers cannot ignore workers, and both – including social enterprises and cooperatives – cannot ignore the situation of the State, in particular, of economic and social public policies. The interests of the three sectors are not the same in the sphere of their mutual relations but they are with regard to the need for the country to develop and prosper, even if their viewpoints are not necessarily the same. For this reason, we adopted as our motto the wise statement by Popol Vuh, “We did not bring together our ideas but our purposes. That way we were able to reach agreement”.

The ESC of Guatemala is an initiative of the production sectors that comprise it. Each has twelve members, eight permanent and four substitutes. Decisions are approved with at least six votes from each sector which makes alliances impossible and consensus necessary. Each sector is formed in line with its own regulations, except for the trade union movement for which the delegates were chosen by the Ministry of Labour based on a regulation it issued in line with the principles of representativity established in Conventions 87 and 98 of the International Labour Organisation (ILO). The President of the Republic conferred their positions on the Council Members, and subsequently chose the President of the ESC from three names that were presented to him by the Council Assembly.

As stated above, and unlike many other experiences, neither the government nor the political sector is present in the ESC of Guatemala. This was discussed by the three sectors and their position was unanimous. This by no means amounts to disrespect for the public and political spheres. The main reason was that, with governmental or political presence, the risk would be run of including elements that do not belong to a dialogue among the production sectors.

The ESC of Guatemala does not fully represent the production sectors nor does it claim to do so. The main shortcoming is a nationwide representation of rural workers, especially farmers. There is also another very important sector which is difficult to represent under present circumstances, namely that of Guatemalan workers either based in the United States or working there periodically. In spite of these notable absences, the Law constituting the ESC contains an innovative provision, that of the ‘complementary assistant’. “When, because of the nature of the subject being discussed by the Council, it is considered relevant to receive the opinion of a social group apart from those that form part of the Council or from an academic institution, the

Council may invite representatives of that group or institution to express their opinion in a specific hearing... The social group or academic institution invited by the Council will be considered a 'complementary assistant'". This helps in achieving the greatest possible representativity, which is required by law.

## Trust

Building the Council has been a complex process as regards compliance with all the formalities and requirements. But the essence of an ESC undoubtedly lies in the level of trust it can generate among its members. This is particularly important in a country like Guatemala, which has been marked by serious conflict throughout the past century. This conflict continues today and has now moved toward rural, and particularly indigenous territories. There it takes the form of opposition to mines, hydroelectric plants and plantation farming and, in essence, is based on claims that the land belongs to the local inhabitants. In the case of the traditional antagonists, that is, employers and workers, conflicts are now being dealt with by means of dialogue.

In addition, the cooperatives sector has developed fast and today has over two million members, generating no less than one quarter of the Gross Domestic Product. Cooperativism is the highest expression of the process of economic progress among the rural population, particularly the indigenous population and women. Since the Peace Agreements were signed (1996), the economic, social and political relevance of cooperatives has risen sharply.

The trade union sector in Guatemala is undergoing a process of transformation and recovery. During the period of armed conflict, which reached its peak when the National Committee for Trade Union Unity was created (1980), the trade union movement went through a period of intense, violent repression. Also, though not in every part of the movement, links were established with the armed revolutionary movement, which distorted the broad nature of the trade union movement and converted it into an instrument for what at the time was called the "revolutionary struggle of the masses". This drowned out the trade union struggle for many years and reduced the number of trade unionists. Today, the trade unions that belong to the ESC – the dominant ones in the country – are fighting, firmly but realistically, for specific claims of both workers and the population in general.

In the process of creating the ESC, trust shot up when a Promoter Group was created and started working. This comprised representatives from the three sectors, whose single task was to achieve agreement on the bill of law constituting the ESC. At the time, this was discussed in Assemblies by cooperatives, entrepreneurs and trade unions.

## Training

In addition to the intrinsic advantages of social dialogue, Economic and Social Councils can perform other tasks leading to social cohesion and the development of skills in the field of social leadership. This has been done recently in the ESC of Guatemala in the form of half-day training sessions. These have dealt with subjects of national importance such as the economic model, because Guatemala and Central America moved suddenly from the model of import substitution (Central American Common Market) to the so-called export model. A full-day session was also held on the subject of public policies, what they are and if they are produced and implemented by the State of Guatemala. Another subject was the civil service and careers in the Administration, which is one of the most outstanding weaknesses of the State of Guatemala.

## Lights and shadows of institutionalization

The fact that the Economic and Social Council is an public entity, constituted by a law with a qualified majority and sustained by the Guatemalan State, makes it of great importance for guaranteeing and developing social dialogue. However, institutions have a cost, which in this case is excessive bureaucracy for an entity that has a small budget and does not need so many workers to run it. However, the law requires that a number of functions be carried out and these are the same for a small entity such as the ESC or one that is a hundred times bigger such as the Institute for Municipal Promotion (INFOM). Both are autonomous institutions with their own budget and are governed by the same regulations.

So the budget of the ESC does not cover – amongst others – one of its basic needs, that of a professional advisory body in which the three sectors can trust and that can draw up fast draft resolutions to be submitted for discussion and approval by the Assembly. The lack of an advisory body of this type has made it difficult to give a timely response to specific consultations made both by the Executive and the Legislative bodies. However, the ESC has managed to issue important decisions on rural development, the modernisation of education, budgetary prioritisation regarding social cohesion, and coffee rust. It is also in the process of obtaining professional advisory services at minimal or no cost.

It is currently in the process of concluding the process of drafting and approving the Report for 2013. This is a general diagnosis of the situation of the country, with specific chapters on social dialogue, employment and public policies, all within the framework of the contradiction that exists between a country of entrepreneurs and a weak, inefficient State. It can be stated already that one of the conclusions on which all three sectors agree is that reform of the State is fundamental. One of the clearest expressions of this weak and inefficient State is its limited capacity to implement, though not necessarily to conceive, public policies.

There can be no doubt that the ESC, since it was created by a law with a qualified majority, acquired an institutional firmness that would be difficult to reverse and expresses the political evaluation by the Congress of what the Council represents. However, this fact has another implication. This law is difficult to reform, and practice has shown it to have shortcomings and inaccuracies, although none of these prevent its functioning. Guatemala has a legalistic tradition whereby the letter of the law has to be strictly complied with, without taking into account either the jurisprudence or the doctrine. Also, together with the return to democracy, the phenomenon of judicialisation of political conflict began so that any public entity using State funds must comply with current practice or be subject to legal action. This amounts to a limitation, especially for an entity such as the ESC, whose functioning and *raison d'être* is to achieve consensus.

## Challenges

For an entity running on public funds, it is both a virtue and a requirement that it produce results that justify the use of taxpayers' money. Because of the nature and objectives of the ESC, it should not seek prominence and advertising is not advisable (this being different from disclosure). Moreover, some of its results – such as trust among the sectors – are difficult to measure, although one of the main risk assessment bodies ranked Guatemala in 29<sup>th</sup> position regarding relations between employers and workers (2012) and in 23<sup>rd</sup> position the next year. This amounted to a rise of over 60 positions in the ranking. The constitution of the ESC and its functioning, which occurred during those years, had a decisive effect in this phenomenon.

By the time this document is published, the Economic and Social Council of Guatemala will have approved and published its Socio-Economic Report for 2013, and will have started to disseminate it. It will also have a qualified technical advisory body at no cost for the institution. It will also have drawn up a draft Law on Modernisation of the State and will be lobbying among political circles to obtain its approval by the Congress. This law aims, in essence, that the results-based evaluation method be applied in government matters. Today, the State of Guatemala has all the technical resources it needs for such evaluation but there has been neither political will nor a law making this method obligatory. The ESC proposal will include regulations – or, rather, obliging – the State to participate and give quarterly information on any public policies to be evaluated.

## Laws or public policies?

As already stated, the lack of a professional technical advisory body limits the capacity of the ESC to respond within a reasonable time frame to consultations made by the Executive and Legislative bodies. But there are also other difficulties. Such responses

require negotiation among the sectors and, to negotiate, it is necessary to move in the broadest possible range of options. For example, both the Executive and the Legislative bodies transferred to the ESC a law which aims to generate employment, for which purpose it proposes to establish 'differentiated wage' areas for certain parts of the country affected by extreme poverty. 'Differentiated wage' areas means that it would be possible to pay less than the minimum wage. Together with employment, another basic purpose of the law is to prevent more businesses from moving to neighbouring countries – especially El Salvador and Nicaragua – where wages are lower than in Guatemala and, especially in Nicaragua, there is greater law and order. For a start, this raises a very delicate matter for the trade union organisations, that of the minimum wage, although according to statistics from the National Survey on Employment and Income (INEI), only 20% of workers actually receive the minimum wage.

So not only is it difficult to reach an agreement but things are complicated even more by the fact that this initiative is not presented in a framework of a public policy that includes other measures, such as making microcredit cheaper. Bearing in mind that in Guatemala there are over 1 million micro and small enterprises and that what they need most is access to credit (as well as access to market information), if they were provided with credit, half of them would generate one new job and if all these jobs were taken into account, the total would be much greater than what can be provided by industry in general. In addition, adding microcredit to the proposal for differentiated wage areas would give more elements for possible negotiation with the trade unions. The Ministry of Economy has generated a project along these lines but it is not being presented as part of a package; first one thing has to be approved and then the other, and this offers no certainty.

Also, care has to be taken over a trend, which has already been noted, of transferring to the ESC especially controversial matters on which the members of parliament are not prepared to reach a decision. This was the case of a Law for Rural Development, presented to farmers as a panacea that would solve all their problems but strongly opposed by the business sector. The same happened with the law on job creation which has the support of the business sector but in the Congress there is no group with the will to approve it.

## Internal challenges

One of the matters of most concern to the Standing Committee, which comprises the President, the Technical Secretary and the three Vice-Presidents (one per sector), is how to increase participation by the sectors. The aim is that they should meet at least once a month so that they can generate proposals to be studied by the Standing Committee and the Assembly. If this does not happen, the Assemblies run the risk of falling into a routine, of becoming exercises in how to react rather than implementing what

is suggested in the reports of the President and the Technical Secretariat. Also, the lack of initiative on the part of the Council Members weakens collective functioning, which tends to become centralised.

Shortage of time is the main obstacle to be overcome in an entity made up of people who are relevant figures in Guatemala so have very full agendas and very little availability. However, even the most complex obstacles can be overcome if we manage to create a spirit that acknowledges the importance of the Economic and Social Council for our country and for everyone. It is therefore necessary to qualitatively increase its impact as an entity.

# The Economic and Social Council of Honduras

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## 1. Context and creation of the Economic and Social Council

The Economic and Social Council (ESC) of Honduras is a forum for dialogue and consultation that stems from the Single Final Act on Consultation signed by representatives of the three sectors (government, employees and workers) on 30 October 2000 on the occasion of negotiation of the Minimum Wage.

It was to become an advisory body for the Executive, especially for the Economic and Social Offices, for the study and approval of proposals relating to the scope, continuity and form of wage and employment policies. These aimed to improve business competitiveness, vocational and skills training and quality of life for workers.

In compliance with the wishes of the social partners and after an extensive process of dialogue in which the International Labour Organisation (ILO) gave its unconditional support, in February 2002 the body named the Economic and Social Council was officially created by means of Executive Decree PCM-016-2001. Its areas of competence were established as follows: the study of matters relating to wage policy; employment and investment policy; educational policy; social security policy; vocational and technical training for workers, etc.

Its Rules and Regulations were approved in September 2002. These covered its composition, functioning, procedures and decision-making within the ESC, as well as the method in which its members were elected and the creation and powers of its consultative bodies – the Council and the Technical Secretariat.

At the start, the Plenary Council was regulated by its Rules and Regulations and its Technical Secretariat was attached to the Secretariat for Labour and Social Security.

This provided the support needed for the activities planned and was covered by the budget of the Secretariat to the President's Office. The ESC of Honduras is the only tripartite body in Central America to have been consolidated by an Executive Decree and Rules and Regulations to institutionalise the process of dialogue and social consultation.

Four years after its creation, even though it did not have an established budget, the ESC had achieved a number of agreements so it became necessary to strengthen the Council and its bodies to allow it to fulfil its mandate and functions. This was achieved thanks to unconditional support received from the government of Spain, through the Spanish Agency for International Cooperation (AECI), which was able to institutionally strengthen the ESC of Honduras. It provided a subsidy which was used to purchase office equipment, to offer training to improve the functioning of the ESC and to publish at least one study on the socio-economic and labour situation of Honduras.

In the month of October 2011 and with the unconditional support of the ILO, a Mechanism for Setting the Minimum Wage was discussed and approved within the ESC. This was submitted to the President of the Republic to be issued in the form of a decree.

In February 2012, in order to find a solution to the Economic Crisis, the Government drew up a critical road map with a political, economic and social scope as a result of tripartite consultation (Government, workers and private enterprise). This led to the signature of a document entitled "Great National Agreement on Economic Growth with Social Equity" and known as the GAN, which contained a number of actions focusing on the search for a significant reduction in the high rates of unemployment and under-employment.

In 2012, in order to promote training for its members, the Economic and Social Council expressed interest in participating in the activities forming part of the EUROsociAL II programme. As a first step in this process, it sent a diagnosis of the general situation of the ESC. This led to a visit to Honduras by a mission, which included a representative of the Technical Unit for Social Dialogue of the International and Ibero-American Foundation for Administration and Public Policies (FIIAPP) and a member of the Spanish Economic and Social Council (ESC), with the aim of studying at first hand possible methods for strengthening the institution in the framework of expansion of Social Dialogue in Honduras. This strengthening with support from the EurosociAL II programme and the Spanish ESC focused on training for the ESC members based on shared experiences with Latin American and European Economic and Social Councils. Also, workshops were held in Honduras on vocational training and social security.

In addition, in 2013 the EurosociAL II Programme through the Spanish ESC assisted the Honduras ESC in the process of drafting and gaining approval of its new regulations.



These aimed above all to strengthen the ESC as an institution by means of a Legislative Decree, which was approved by the National Congress in the month of January 2014 and published in the official La Gaceta journal in March 2013.

## 2. Objective of the ESC

The main objective of the ESC is to serve as a forum or body for dialogue and social consultation to analyse and approve proposals relating to strategic viewpoints, and the scope, continuity and form of policies on socio-economic and labour matters.

Its specific objectives are the following:

- a) To give continuity to and strengthen on-going social dialogue among production sectors relating to the design, adoption, monitoring and evaluation of public policies on economic and social affairs in Honduras;
- b) To help ensure that the sectors' opinions lead to, or form the basis of public policies of an economic and social nature;
- c) To help ensure that the policies of an economic and social nature agreed on by the State become permanent and form part of a national strategy for development; and
- d) To help ensure that policies for international cooperation in social and economic matters are in line with the public policies managed by and implemented by State bodies in this field.

*(Art. No. 3 Legislative Decree 2-2013)*

## 3. Powers of the ESC

In compliance with its new regulatory framework, the ESC is to analyse the following:

- Economic policy relating to the labour market;
- Wage policy;
- Employment policy;
- Educational policy;
- Security and social protection policy;
- Vocational and technical training for workers;
- Improvement of quality of life for workers;
- Other strategic State matters established within the Assembly

*(Art. No. 4 Legislative Decree 292-2013)*

## 4. Structure

The new structure of the ESC comprises the following:

1. The Assembly;
2. The Consultative Council;
3. The Technical Secretariat;
4. The Technical Committee; and
5. The Sector Panels

*(Art. No. 4 Legislative Decree 292-2013)*

### 4.1. Description of the institutional structure of the ESC

**The Assembly.** This is the supreme authority within the ESC. It is made up of all the permanent Council Members who represent the farm worker, employer and government sectors.

The Council Members are appointed by the organisations in the production, labour and government sectors to which they belong. The assembly has 12 Council Members who are the legitimate representatives of the following:

#### **Farm Worker Sector:**

- a) One (1) representative from the General Workers' Centre (CGT).
- b) One (1) representative of the General Confederation of Workers of Honduras (CTH).
- c) One (1) representative of the United Confederation of Workers of Honduras (CUTH).
- d) One (1) representative appointed by mutual agreement of the National Council of Farm Workers (CNC) and the Coordinating Council of Farm Worker Organisations of Honduras (COCOCH).

#### **Government sector:**

- a) One (1) representative of the State Secretariat for the President's Office.
- b) One (1) representative of the State Secretariat in the Labour and Social Security Offices.
- c) One (1) representative of the State Secretariat in the Finance Office.
- d) One (1) representative of the State Secretariat in the Industry and Trade Offices; and,

## **Business sector:**

### **a) Four (4) representatives of the Honduran Council for Private Enterprise (COHEP)**

In the exercise of their functions, the Council Members will act with complete independence.

Each representative shall have a substitute who shall attend the Council sessions in the absence of the permanent representative and shall be entitled to participate and vote.

*(Art. No. 11 Legislative Decree 292-2013)*

No less than nine (9) Council members including the President and Executive Secretary must be present for its sessions to be valid. There shall be at least one meeting every three months. *(Art. No. 10 and 21 Legislative Decree 202-2013)*

Council Members shall be appointed for three (3) years and may be replaced or re-appointed for successive periods. *(Art. No. 12 Legislative Decree 292-2013)*

The members of the ESC shall elect from among their numbers a President who shall hold office for one (1) year subsequent to the date of the election and shall be the spokesperson for the ESC. The position of ESC President shall rotate among the sectors forming part of it, for successive periods of one year. *(Art. No. 13 Legislative Decree 292-2013)*

The members of the ESC shall elect from among their numbers a Vice President who shall hold office for one (1) year subsequent to the date of the election. The position of ESC Vice President shall rotate among the sectors forming part of it but shall be held by a different sector to that of the President, and shall last for successive periods of one year. The Vice President shall stand in for the President in the absence of the latter. *(Art. No. 14 Legislative Decree 292-2013)*

The Assembly shall meet at least once every three (3) months and its decisions shall be reached by consensus. *(Art. No. 21 Decree 292-2013)*

**The Consultative Council.** This is the advisory body for the ESC on socio-economic and labour matters of vital importance for social harmony and peace on a national scale, in compliance with the express mandate given by the Assembly.

Relating to the other bodies of the ESC, any decisions of the Consultative Council adopted by consensus shall be binding.

The Consultative Council is made up of the following permanent Council Members and, if these are absent, by their substitutes:

1. The President of the Economic and Social Council.
2. The Secretary of State for the President's Office as a permanent member and the Secretary of State in the Labour and Social Security Offices as substitute.
3. A General Secretary for Workers and/or farm workers.
4. The President of the Honduras Private Enterprise Council (COHEP)

The Members of the Consultative Council are appointed for three (3) years, and may be replaced or re-appointed for successive periods.

No less than three (3) of its members must be present for the Consultative Council meetings to be valid. The Executive Secretary acts as secretary during its meetings. (Art. No. 15 Legislative Decree 292-2013)

The Consultative Council meets once a month and its decisions are taken by consensus and, together with the Assembly, it draws up a schedule of ordinary meetings. When necessary, extraordinary meetings may be held. (Art. No. 21 Decree 292-2013)

**Technical Secretariat.** This is the executive and administrative body of the Council. Its function is to implement any decisions adopted by the Assembly and the Consultative Council and to manage and coordinate the administrative activities of the ESC and represent it legally.

The person appointed to run this Secretariat is appointed by the Assembly and must meet the requirements for the Executive Secretariat in compliance with the regulations.

Among the functions of the Executive Secretariat are the following:

1. To carry out the secretariat activities for the Assembly, Consultative Council, Technical Committee and President's Office and any others assigned to it when the Assembly participates.
2. To systematise reports, resolutions, documents and minutes.
3. To organise, lead and supervise any type of documentation and technical work by the sector panels or consultants or of any other type submitted to the technical committee for deliberation and decision; and
4. To convene a new Assembly at the end of the period of its functions to fill any final vacancies.

The Executive Secretariat is responsible for systematising all deliberations of the Assembly, Consultative Council, Technical Committee and Sector Panels. It is also responsible for producing reports, resolutions and minutes covering the proceedings of these bodies and serving as inputs for deliberations. (Art. No. 19 Legislative Decree 292-2013)

**Technical Committee.** The main function of this body is to promote and implement any decisions approved by the Assembly and the Consultative Council, putting into practice the attributes of these bodies.

It is made up of the Executive Secretary of the Council who shall coordinate it, and the Council Members needed in representation of each sector.

The Technical Committee takes on technical assistance from consultants on specific strategic matters in the economic, social and labour fields.

The Technical Committee has the following functions:

1. To study and make preliminary suggestions on matters to be submitted to the Assembly.
2. To review and analyse any topics assigned to it by the ESC Assembly.
3. To give advice and technical assistance to the Consultative Council and the Assembly on matters of national interest in the economic, social, labour, legal and political spheres.
4. To deliberate on studies and reports on matters falling within its powers and referred to it by the Technical Secretariat.
5. To define and follow up any studies and consultancies required on matters submitted to the Assembly and on matters submitted to the specific commissions.
6. To create sector panels when the nature of the topic makes consideration necessary prior to submission to the Assembly.
7. To review and approve the systematisations and publications of the Technical Secretariat.
8. Any other functions established by the Assembly and the Consultative Council.

*(Art. No. 16 Legislative Decree 292-2013)*

The Technical Committee meets once a month. *(Art. No. 21 Legislative Decree 292-2013)*

**Sector Panels.** These function to meet the demands of society and of the sectors on specific matters. They are made up of representatives of the sectors included in the Council and of consultants taken on to provide technical support. The existence of such panels depends on the matters dealt with by the ESC in accordance with the provisions of art.3 of its Law, the annual work schedule and any specific needs arising.

When the Technical Committee considers that a matter requires special treatment, it should create ad hoc sector panels and proceed to:

1. Call on each sector to appoint representatives to join such sector panels.
2. Request the appropriate institutions and organisations to provide any necessary information.

3. Propose, when necessary, that technical consultants be taken on depending on the nature of the topic to be dealt with.

The Sector Panels have the following functions:

1. To carry out an in-depth analysis of the matter to be dealt with.
2. To produce the basis for the study (review and analysis of any pertinent information so that an opinion can be issued).
3. To make general and specific recommendations.
4. Any other functions specifically assigned to them.

*(Art. No. 18 Decree 292-2013)*

Council Members must aim to achieve consensus within the Council. They have the direct support of the representatives for the purpose of contributing to social dialogue and fulfilling their objectives. In the same way, any resolutions and opinions of the Council must be adopted by consensus. *(Art. No. 20 and 22 Legislative Decree 293-2013)*

Through the Technical Secretariat, the Council produces publications in various media in which its resolutions and other subjects of interest related to its competencies and functions must be made known. *(Art. No. 23 Legislative Decree 293-2013)*

## 5. Budgetary regime

The Government of the Republic of Honduras includes in its annual General Budget on the income and expenditure of the Republic an item providing sufficient funds to fully cover the operating expenses of the Council through the State Secretariat in the Labour and Social Security Offices. *(Art. No. 25 Legislative Decree 292-2013)*

## 6. Main achievements of the ESC

- Proposal to reform articles 7, 43, 44 and 45 of Chapter III of the Code on types of employment contract, which was approved by the National Congress in April 2003.
- Signature of the memorandum of understanding between the Secretaries of Industry and Trade and the Secretary of Foreign Affairs with the National Forum for Convergence (FONAC) based on the link with the negotiations on the Partnership Agreement between Central America and the European Union.
- Submission to the National Congress of the application for ratification of ILO Convention 144 on the Tripartite Consultation in view of the experience of Honduras in dialogue. This was ratified in October 2011.

- A Formula or Mechanism for setting the Minimum Wage was agreed on and approved, and submitted to the President of the Republic so that the appropriate decree could be issued. This was in the month of October 2011.
- In 2012, in the search for a solution to the repercussions of the crisis, the Government drew up a critical path with a political, social and economic scope based on dialogue and tripartite consultation (Government, Workers and Private Enterprise). This led to the signature of a document named "Great National Agreement for Economic Growth with Social Equity" (GAN) which comprised a number of actions aiming to achieve a significant reduction in the high rates of unemployment and under-employment.
- Use of the Mechanism for Setting the Minimum Wage led to the signature of the Tripartite Agreement to set the Minimum Wage for 2012-2013-2014.
- In 2013, the Eurosocial II programme, through the Spanish ESC, assisted the Honduras ESC and its members in the process of drafting and approval of its new regulations, the main aim of which is to strengthen the ESC as an institution, by means of Legislative Decree (No. 292-2013). This was approved by the National Congress in the month of January 2014 and published in the official Gazette journal in March 2013.





## CESJAL, the Jalisco (Mexico) version of an Economic and Social Council

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### Background and context for the creation of the CESJAL

As from the last decade of the 20<sup>th</sup> century, in the Republic of Mexico there has been increasing recognition and exercise of social, civil and political rights. Democratic development has been expressed through broad political participation and plurality in government representation and, more especially, through greater debate and constructive dialogue among civil society organisations, higher education institutions and business organisations. These point clearly to the gradual, and irreversible, progress of civil participation in the public affairs of the national and local governments of Mexico.

The State of Jalisco, located in the centre-west of the Mexican territory, has a surface area of 78,599 square kilometres and a population of a little over 7.3 million people<sup>1</sup>. It is not only the fourth most highly-populated region of the country but also one of the most dynamic, contributing just over 6% of the national GDP.

Jalisco also forms part of the 10 states of the Mexican Republic that, between 1989 and 2000, underwent a considerable political change by presenting conditions for the alternation of the political party that predominated in the local Executive and Legislative powers, following what in Mexico was called a 'federalist' transition. As an indication of the political culture that was creating larger election turnouts and more openness to debate, this political alternation in the state led to conditions of greater

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1. Instituto Nacional de Estadística y Geografía (National Institute of Statistics and Geography), *México en cifras*, at <http://www3.inegi.org.mx/sistemas/mexicocifras/default.aspx?e=14>

control and answerability for the civil service. Jalisco was the first state on the national political map to approve a Law on Transparency of Public Information, even before the Congress of the Union. Political alternation also lived together constantly with divided governments, achieving balance in the shaping of public powers and therefore a constant demand for governments to be answerable to society.

It was precisely in this framework of a substantial increase in civil participation in public affairs that a group of representatives from several civil society organisations in Jalisco and local legislators promoted the creation of the Economic and Social Council of the State of Jalisco for Development and Competitiveness<sup>2</sup> – CESJAL. This was constituted by approval of its Law<sup>3</sup> (LCESJAL) by the Congress of the State of Jalisco, on 26 August 2004, enacted by the holder of Executive Power on 16 September 2004.

## Institutional design

The legal personality of the LCESJAL is defined as being that of a “civil body of a consultative nature for the state authorities, having technical and management autonomy”, so the State administration has no authority over its operations, planning and functions. It is organised on the basis of its own rules and regulations and the decisions of its supreme governing body. It decides for itself on who occupy the positions of President, Vice-President and Secretary General, and establishes its own organic structure. These characteristics make it a unique body in Jalisco, one that is essentially a civil body and is very different to other better-known and more widely-used figures such as that of Decentralised Public Organisation<sup>4</sup> (OPD) and Autonomous Constitutional Organisation (OCA)<sup>5</sup>.

To achieve its purposes, the Council is assigned an annual amount from the State Budget, but it may also receive contributions in cash or in kind, from persons or legal entities both public or private and national or international.

## Sectors and organisations forming part of CESJAL

The CESJAL was created on 12 May 2005 with the swearing-in of the first Council Members representing the twenty-one civil society organisations that comprise it. These organisations come from three groups or sectors:

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2. [www.cesjal.org](http://www.cesjal.org)

3. [http://cesjal.org/2010-2011/?page\\_id=3004675](http://cesjal.org/2010-2011/?page_id=3004675)

4. Article 52 of the Organic Law on Executive Power for the State of Jalisco defines Decentralised Public Organisations as entities of the Para-State Public Administration which, being public legal entities, have legal personality and their own assets.

5. There is no standard criterion for defining these bodies so their legal status may vary. However, they are usually acknowledged to be independent, are recognised and guaranteed in the Constitution, and are entitled to issue definitive instruments.

- a) Entrepreneurial (chambers and business groups);
- b) Social (trade unions, farmers' organisations, cattle-raising organisations and cooperatives)
- c) Academic or assistance (universities, professional associations, organisations to assist and promote civil society organisations)



It should be noted that the organisations that belong to this Council are clearly defined in the text of the LCESJAL, so any change in this composition necessarily entails a process of reform of this law.

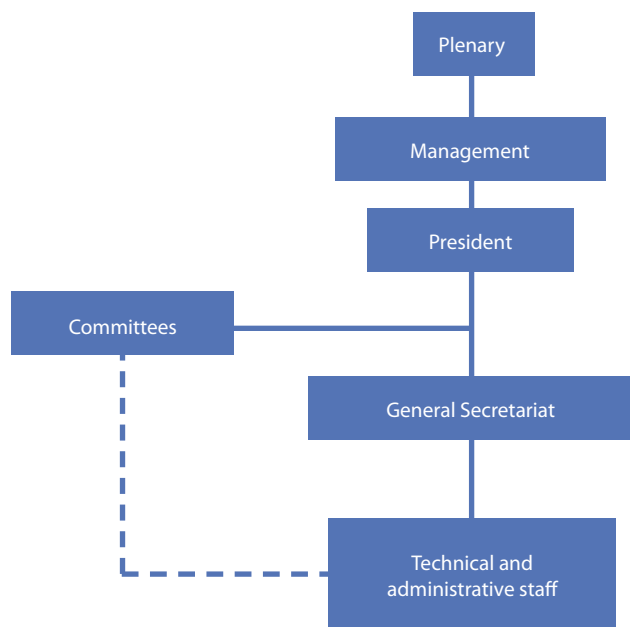
The 42 Members of the CESJAL (21 permanent and 21 substitutes) are a group of citizens who give their time and effort in an honorary capacity to contribute to the development of Jalisco, thus complying with the legal mandate which they voluntarily accept. Appointments are for four years and can be extended only once by one more 4-year period.

The Members of the CESJAL are usually citizens who participate actively in the public life of our State so it is not unusual for some of them to not complete the period for which they were nominated to the Council. So a very welcome practice has been implemented of holding introductory sessions for new Members to reduce the learning curve on internal processes and procedures and to facilitate personal contact and interaction.

## Functioning: organic structure

Ordinary plenary sessions of the CESJAL are held at least once a month, and extraordinary sessions whenever necessary. This Council is organised in administration periods lasting four years, and is currently in the third of these periods (2013-2017).

The internal organic structure is defined in article 19 of the Law constituting the Council and is shown below:



The Council Plenary is the body that has the power to issue Recommendations and Opinions. These have to be approved by at least two thirds of the Councillors present at the session in question.

In addition, there is a staff of approximately 25 people providing support in areas of administration, research, legal affairs, communication and networking. Because of the wide range of subjects to be studied by the CESJAL Committees, some are covered by the CESJAL technical staff and others by external experts taken on for this purpose.

This work of research within the Council led to its being included and retained in the National Register of Scientific and Technological Institutions and Enterprises<sup>6</sup> (RENIE-CyT), of the National Council for Science and Technology (CONACYT).

## Development and trends

Once it had been set up, the CESJAL started work but all it had was the Law constituting it. It was necessary to build a whole structure of rules and regulations

6. <http://www.conacyt.mx/index.php/el-conacyt/registro-nacional-de-instituciones-y-empresas-cientificas-y-tecnologicas-reniecyt>

covering its processes of administration, organisation, transparency and general operation.

As in any newly-created organisation, in the early stages a number of serious differences arose regarding priorities and the methods to be used for its tasks. The number and complexity of these differences were gradually reduced making it easier to reach agreements.

In spite of these early disagreements, the Council underwent a constant process of development, learning and growth as its members adapted, always searching for understanding and shared experiences among both the member organisations and those contacting it to provide new perspectives and ideas or to establish strategic partnerships to channel their proposals. All of them were very different in nature, reflecting the complexity of Jalisco society today.

It should also be pointed out that, while decisions by the Plenary and other decision-making bodies such as the Management Group are subject to the formal rules laid down in the regulations (such as the rules and regulations of the CESJAL and of the Plenary sessions) which, in line with the spirit of a plural, representative body, are based on the democratic principle of "majority rule", current practices within the Council show that priority is given to reaching a consensus and to inclusion in agreements. This, according to the definition given by Lijphart<sup>7</sup>, is consensus-based democracy, which leads to a high degree of legitimacy in decisions.

In its outward relations, the CESJAL has gradually positioned itself as a forum for deliberation and generation of proposals for public policy as well as for discussion by civil society and social validation of programmes and initiatives promoted by legislators and local authorities. An element that has proved crucial for this progress is the weekly television programme named "*Enfoque Ciudadano*" produced by the Council's Communication area and broadcast on a free-to-air TV channel. It includes an exercise in socialisation and free expression of opinions on the subjects that are of greatest interest for citizens.

In addition, the number of Committees, Councils and local authorities in which the CESJAL participates has increased constantly. Examples are the governing body of the Jalisco Institute for Statistical and Geographical Information, the Procurement Committee of the Jalisco State Congress, the Technical Committee for Wage Transparency and Assessment of the State of Jalisco, the State Technical Council for Education, the State Civil Observatory on Mobility and Public Transport and the Civil Observatory for Integral Water Management in Jalisco, among others.

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7. Lijphart Arend, *Modelos de democracia. Formas de gobierno y resultados en treinta y seis países*, Ariel Ciencia Política, Barcelona 2000.

Beyond the geographical limits of Jalisco, the CESJAL has been recognised by various groups in neighbouring states who have made visits to receive first-hand information on the Council's almost ten years of experience and are now promoting the creation of Economic and Social Councils in their own states. As a result, the CESJAL is now playing a leading role in the possible creation of an Economic and Social Council for the Mexico's Centre-West region (CESARCO), which brings together nine states and could potentially be replicated in the formation of a national Economic and Social Council.

With regard to collaboration with the Federal Government, the CESJAL has been included as a participant in the Mexico-European Union Mechanism for Civil Society Dialogue, at the invitation of the Secretariat for Foreign Affairs of the Government of Mexico.

## Recommendations and Opinions of the CESJAL

The CESJAL Law establishes the two main products of this Council: 1) Recommendations, and 2) Opinions. The former are issued officially on matters of special importance for the economic and social development of Jalisco and address the State's public bodies. Opinions are issued at the request of the State authorities and municipalities on various matters relating to economic and social development. In both cases, the key purpose is to express the vision of organised civil society, offering proposals on public policy on specific topics.

By June 2014, the CESJAL had issued a total of 61 Recommendations, which can be grouped as follows:

- State competitiveness
- Transparency and answerability
- Public finance
- Social development and sustainable energy
- Public security
- Urban mobility

It must be stressed that the Recommendations and Opinions issued by the CESJAL are not binding for the State and Municipal authorities. All that the LCESJAL establishes for the addressees is that they must respond in writing within a given period.

Even though the Recommendations and Opinions are not binding, the fact that these documents invariably have technical backing and that, before they are emitted, they must go through the filter of the wide range of criteria and visions of the organisations comprising the Council, means that they are increasingly being taken as references on the specific topics they cover. This has led to increasing interest on the part of certain

local authorities and legislators in presenting their programmes, projects and initiatives to the Plenary of the CESJAL, so that they can be discussed and/or submitted to processes of analysis and deliberation.

In addition, by organising fora with well-known participants at state, national and international level, the Council is promoting contacts for it and for other civil society organisations with local and national authorities, thus encouraging a culture of dialogue and active participation by our society.

## Vision for the future

The CESJAL will soon be celebrating its Tenth Anniversary, to take place in May 2015, and is working on a number of strategic areas of opportunity. Within the Council, it is continuing to adapt the internal rules and regulations, implementing a model for institutional evaluation of results and on-going improvement of communication and networking skills.

Similarly, it continues to work in the areas of research in which it has already acquired experience, such as the Integration and Evaluation of the State Development Plan, the Jalisco Income and Expenditure Budget, the Migration Phenomenon, Water Sustainability and Transparency and Answerability. It is also starting to work on new lines regarding Higher Taxation, Regulations on Public-Private Partnerships, Generational Accounts, Poverty and Inequality, People Trafficking, and others.

Special efforts are being made to set up the Economic and Social Council for the Centre-West Region (CESARCO), and on participation in the Mexico-European Union Mechanism for Civil Society Dialogue, and in other international fora in which it can express the viewpoint of civil society regarding regional, national and international problems.

In summary, the CESJAL plans to continue developing on the basis of the experience acquired after almost ten years of operation and of its increasing presence in other local bodies. It aims to strengthen its position as the civil body that provides a forum for deliberation but also for assisting decision-makers in the design of public policies. Its membership and operation give it sufficient legitimacy to work as an effective, serious and responsible partner and enable it to recover some of the confidence lost in the dialogue between civil society and government.





# The experience of Panama

Jaime A. Jácome de la Guardia,  
*Executive Secretary of the National Concertation for Development Council*

## Introduction

Full national sovereignty with the recovery of the Canal area that had been assigned to the United States for perpetuity as a condition of separation from Colombia and, with it, total national independence, was the exercise that took up a large part of the 20<sup>th</sup> century and the overarching element of the formation of Panamanian nationality up to the signature on 7 September 1977 of the Torrijos-Carter treaties. These treaties named a final date for the departure of the US army from Panama, at midday on 31 December 1999, after a presence based on the US's interest in controlling the strategic route between the two oceans.

The fight for sovereignty united Panamanian society at two levels – on the one hand, there were social and popular movements fighting for recovery of the Panama Canal and derogation of the Hay-Bunau Varilla Treaty; and, on the other, the governments, which gave legitimacy to the trading bourgeoisie and, in the framework of formal democracy, also made claims for sovereignty but mostly for the sake of their economic interests.

The first legal reform of 1903, the Kellogg-Alfaro Treaty of 1926, was rejected in the assembly of the time, mostly because of pressure from popular organisations which, years later, were to head rejection of the US intervention in October 1925 when president Rodolfo Chiari invoked the clause of the 1903 Treaty that allowed the United States to intervene in Panama when it considered the canal was at risk.

During subsequent years, the social and political actors that raised sovereign claims often did so in a contradictory manner and without any immediate national consensus. In 1947, the government of Ricardo Adolfo de la Guardia tried to negotiate continuity for the US bases in Panama after the end of the Second World War on the basis of

the Filos-Hines Treaty of 1947, which was also rejected by the National Assembly in the midst of great civil protests.

On 9 January 1964, the Panamanian people took up arms in the Canal area against the North American soldiers, resulting in 27 deaths and over 200 injured and the breaking-off of relations between Panama and the United States. In 1967, an attempt was made to negotiate a new treaty, the Robles-Johnson Treaty also known as the “3 in 1 Treaty”, plus a Treaty on neutrality and another for the construction of a new canal. This Treaty was also rejected by the National Assembly during a period of increasing political unrest that led the National Guard, the country’s only armed force, on 11 October 1968, to bring down President Arnulfo Arias after only 11 days in his position.

After this coup d’état, General Omar Torrijos Herrera set up a populist, authoritarian regime, permitting participation by sectors that had traditionally been marginalised, such as trade unions, left-wing parties and farmers’ organisations.

A new Constitution was promulgated in 1972, which created a consultative body with no real power called the Assembly of the Representatives of Corregimiento. This was the first attempt to govern based on a consensus among social and economic sectors who came together in a large forum for discussion but under a dictatorial regime.

By virtue of this, a large segment of society joined forces to recover sovereignty. Under the slogan of “national unity”, different social groups supported a worldwide campaign led by Torrijos to gain international support for the Panamanian cause. This concluded with the signature of the Torrijos Carter Treaties in 1977, which established a time frame for reverting the land and facilities occupied by the US army and closed with the transfer of the administration and operation of the Panama Canal on 31 December 1999.

Since then, the international community has recognised that Panama has been operating the canal efficiently, meeting its commitment to offer the world a safe and efficient maritime route. Based on this service approach, in 2005 the Panama Canal Authority, together with the government at the time, proposed the enlargement of the Panama Canal, an idea that had been under consideration since the 1970s. The aim was to offer the worldwide maritime community an inter-ocean route that would meet changing needs.

With this proposal for enlargement, the process of dialogue known as the National Concertation for Development was set up. This was to result later in the creation of the Council for National Concertation for Development as a meeting-point for society and the result of a historical need whereby all national sectors could discuss important national decisions and priorities.

## 1. Background to the national concertation for development

Prior to 22 October 2006, the date of the referendum on the enlargement of the Panama Canal by means of the construction of a third set of locks, an extensive nationwide debate took place on the opportunities arising from this project for the development of the country.

Entrepreneurs, politicians and civil society leaders, with other citizens, expressed their wish for the financial gains resulting from the extended Canal and from the country's economic growth to be assigned to promoting national development, especially to help alleviate poverty.

Based on the experience acquired during previous attempts during the 1990s to establish dialogue and collective reflection among Panamanian society, such as the Bambito, Coronado and Visión 2020 talks, the United Nations facilitated this last consultation, which involved a great national effort and commitment.

This was how the National Concertation for Development was set up, on the basis of constructive dialogue, to establish long-term strategic goals to help transform Panama into a more democratic, fair, prosperous, dynamic and regionally balanced society, taking up the historic opportunity offered by the enlargement of the Panama Canal.

Almost two thousand people from all over the country participated in the process. Debates continued for months on subjects of strategic importance for national development such as health care, social wellbeing and equity, economic growth and competitiveness, justice, ethics and law and order, with 2025 being set as the horizon for achieving goals. One third of the income from the Canal was earmarked for this purpose, that is, about US\$13 billion between 2008 and 2025, which was to be placed in a National Fund for Development.

The agreements that came out of this process of dialogue, known as the National Concertation for Development Agreements, established actions to be taken to achieve integrated development of the Panamanian nation. A Mechanism for Verification and Monitoring was created to guarantee compliance with the agreements. Those responsible for this included the National Concertation for Development Council, which was created as a result of the dialogue and was subsequently established by a Law of the Republic. In addition, the Concertation Agreements also stipulated the responsibility and commitment of governments and of all the social, economic and political forces of the country to guarantee that they would be implemented.

The conceptual, philosophical foundation for the creation of the National Concertation for Development Council was as a forum for discussion among different social agents on public policies. The aim was that these would be enriched by the contributions made by

organisations and representative sectors in debates and with democratic, inclusive, legitimate participation, and would have an impact on decisions taken by governments.

## **2. Legal Framework of the Council for National Development Concertation**

The Concertation Agreements were presented officially on 29 October 2007, and updated the national goals laid down in the results of the previous exercises in social dialogue mentioned above. The agreements reached by the process of National Consultation covered the overall view of the country that was to be built by 2025.

The National Concertation for Development Consultation Council (CCND) was created by Law No. 20 of 2008 as a consultation body for all sectors of Panamanian society and was to be responsible for verifying progress made and implementation of the agreements and goals of the Concertation.

In addition, this Law formally recognised the Concertation Agreements and formalised the creation of a Mechanism for Verification and Monitoring of implementation of such agreements, to be made up of three bodies: the National Concertation for Development Council, the Social Cabinet and the Secretariat for Presidential Goals.

By means of Executive Decree no. 854 of August 2010, the mechanism for Verification and Monitoring of the agreements was regulated, the Executive Secretariat was created and the material and legal resources for the process of verification of fulfilment of the Concertation Agreements were allocated.

Today, in accordance with the provisions of Law 20 of 2008, the organisations and sectors that make up the plenary session of the National Concertation for Development Council are the following:

- National Assembly
- Citizens' Clubs
- National Association of Lawyers
- National Association of Economists
- National Council of Organised Workers (CONATO)
- National Council for Private Enterprise (CONEP)
- National Council for Social Auditing of the Public Health System
- Black people
- Local governments
- Churches
- Higher Education institutions
- Organisations to promote democracy and human rights

- Women's organisations
- Organisations of Small and Medium Producers
- Organisations to promote Social Development
- Organisations for Environmental Protection and Promotion
- Youth organisations
- Executive body
- Judicial body
- Indigenous peoples
- Panamanian Associations of Engineers and Architects
- Legally-constituted political parties

### **3. Experiences, challenges and difficulties in dialogue processes**

After the recovery of our democracy, Panama has had significant experiences of dialogue that have led to important agreements and served as the basis for the creation of what today is the National Concertation for Development Council.

Such meetings, which started out in the 1990s, were based on the principles of strengthening democracy, institutions, economic development, competitiveness, wellbeing and social equity and used the United Nations Development Programme (UNDP) as their scenario and facilitator to ensure that they were positively received by society.

When the presidents of the political parties signed the Pact of Santa María la Antigua on 18 May 1993 – three years after the US invasion that put an end to the dictatorship and one year before the first democratic elections in two decades – the objective was a commitment to respect the electoral result of 1994.

That commitment amounted to the first step in a number of important agreements prior to various meetings for dialogue in the country.

After the Santa Maria Pact, the Bambito I, II and III meetings took place. The first of these promoted dialogue among political leaders. The national agenda established priorities such as the modernisation of health care, education and administration of the Panama Canal. Bambito II and III in 1994 amounted to success for the labour and business sector by achieving the “Pact for Development Commitments”.

The first two meetings were held prior to the elections of May 1994 (August 1993 and April 1994) and, together with the Santa Maria Pact, they achieved their objective, that of a transparent electoral process.

Subsequently, in 1995, came the moment that could not be put off any longer – Panama recovered full sovereignty over its territory in 1999. As this historic event came

closer, concern arose among various political and social sectors regarding the need to promote national dialogue.

With UNDP support, an initiative to set up dialogue was once again set up with a new process focusing on the challenge to be faced by the country as from 31 December 1999 – management of the Panama Canal.

This consultation process attracted widespread interest on the part of politicians, the government and organised civil society which participated actively.

On 26 May 1996 this process culminated in Coronado with the approval of the document entitled “National Vision Panama 2000”. This led to the creation of the Panama Canal Authority, which was to be responsible for managing the canal once it was transferred to Panamanian ownership on 31 December 1999. In addition, agreement was reached on creation of the Authority for the Inter-Oceanic Region, which was to manage the assets that were to be returned to the Panamanian State. These meetings were known as Coronado I and II.

Subsequently, the UNDP promoted a new national dialogue with the aim of establishing what type of Panama was to be built up over the next 20 years. In June 1997, the National Vision 20-20 was issued as a proposal for consultation, which was to be signed by 14 groups.

The methodology included the drafting of an initial working document by representatives from the academic world, which was then ratified by the political parties and civil society. After approval by all the political parties, the civil society promoted the creation of mechanisms to monitor fulfilment of the document’s objectives.

Finally, in 2005, the far-reaching crisis in credibility, honesty and efficiency in the judicial system led to the State Pact for Justice. Then, in 2006, the process for the National Development Consultation began.

## Difficulties

The significant contributions made by these groups of citizens – mostly civil society – were not sufficient and the reports and instruments created as a result of these exercises in dialogue are still today merely working documents and methodological references for scholars.

In most cases, the mechanisms for verification and monitoring of the agreements arising out of the dialogues were not complied with.

Most of these exercises arose out of a crisis in public opinion or rejection of an initiative to amend, change or take new actions in our legislation.

## 4. Good Practices - Achievements

Once the regulatory framework of the National Concertation for Development Council was adopted, some legislative initiatives took place as a result of achievements.

One of these was Law 34 of 2008 on Social and Fiscal Responsibility, which aims to establish regulations, principles and methods for consolidating fiscal discipline in the financial management of the public sector, a necessary condition for stability and sustainable economic growth. Management of public finance was to be based on principles of transparency, responsibility and answerability.

This law also recognised the Agreements of the National Development Concertation, making their implementation compulsory and establishing that every government, at the start of its term of office, had to present a five-year Strategic Plan in line with the Agreements of the National Concertation for Development. This was the first time in the history of the Panamanian social dialogues that a Law had recognised its results, helping to ensure that they were not forgotten.

Unfortunately, between 2009 and 2011, in the middle of an electoral process and the resulting change of government, the essence of the Council for Concertation became diluted, placing at risk its functioning because of the institutional weakness of the Executive Secretariat of the Council and the lack of personnel, funding and suitable facilities.

However, in 2011, at a time of social debate on the need to reform the Constitution of 1972 and the immediate social rejection of draft reforms presented by the national government, the National Concertation for Development Council recovered its role as a body for dialogue. Through the Executive Decree number 209 of 26 April 2011, the Executive arranged for the appointment of a group of citizens to create a Special Consultation Commission for constitutional reform.

This group of citizens was charged with drawing up a draft constitutional document. "This commission will have extensive powers to draw up a draft without limits or conditions, and will be convened prior to the National Concertation for Development Council so that this body for social and political dialogue can carry out a broad public consultation to establish the topics or aspirations for constitutional change of Panamanian society".

This Executive Degree assigned to the Special Commission the function of carrying out extensive consultations in order to collect input for the draft reforms of the Political Constitution of the Republic.

According to clause c in Article 4 of this Executive Degree, the Special Commission was empowered to: *"promote and organise any participation, discussion and consultation*

*necessary for reforms to the Political Constitution of the Republic within the National Concertation for Development Council and other appropriate bodies”.*

The Concertation Council thus became the consultative body that collected and drew up proposals for consideration by the Special Commission.

Between April 2011 and January 2012, during 120 sessions, the Special Commission carried out a full review of the current Political Constitution. They based their review on the “agreements” reached by the National Concertation for Development Council, proposals sent in by many organisations and citizens, the input provided by the technical team set up for this purpose and the input from the commission members themselves.

The result of the many intense deliberations was a Draft Constitutional Document for the full reform of the Constitution of 1972.

After this exercise, which resulted in the re-launching among society of the Concertation Council, this body for participation had the opportunity of expressing itself on various matters of national, social and political interest, and many of its observations were taken into account by governments.

In addition, as part of the responsibilities established in Law 20 of 2008 and in Executive Decree 854 of 2010, in 2012 the Concertation Council set up a process of verification of implementation of the Concertation Agreements. This took place in several stages:

- During 2012, there was a process of consultation to support the Mechanism for Verification and Monitoring of the Concertation Agreements, under the auspices of the UNDP. This stage focused on identifying the extent to which the national government’s Strategic Plan was in line with the Concertation Agreements, and on defining strategies to strengthen the Council and its administrative and technical units.
- The second stage took place in 2013, again with UNDP support, when working panels were set up for the Process of Review, Updating and Prioritisation of the National Concertation for Development Agreements. This exercise was the first after approval of the Agreements in 2007, and made it possible to determine the degree of implementation and the weaknesses in the original process, to review the objectives proposed, to update objectives in line with the national reality and to determine which of the national objectives should receive priority in public policies.

Today and in line with the electoral process and the resulting change of government, the Concertation Council is at the stage of guaranteeing the new government’s commitment to monitor compliance with the Concertation Agreements, based on the review carried out in 2013.



In addition and as part of the objective to strengthen institutions as proposed by the Council, the Programme to Support Economic and Social Councils and similar institutions of the European Union through its EUROsociAL programme has been taken on board. This has provided extensive technical assistance for both the Executive Secretariat and for the council members on subjects of governance and citizen participation. Today, work is going ahead on the creation of a network of Ibero-American Councils with a view to sharing successful experiences of social dialogue, and reviewing the legal framework of the Council to make it stronger institutionally, with greater representativity and legitimacy. It should thus have a greater political and social impact and lead to real, effective social dialogue in Panama.

## Conclusions

1. The National Concertation for Development Council stemmed from the national debate taking place at the time of the referendum on the enlargement of the canal in 2006.
2. The economic and social agents considered the need for a forum for discussion and decision-making on important national matters.
3. This forum for discussion and debate for organised society was devised as a mechanism for communication with formal decision-makers.
4. The State should be the main guarantor and authority behind the structures and decisions of the National Concertation, adopting a positive approach to them and participating in the dynamic of social dialogue.



# The Economic and Social Council of the Dominican Republic, towards 2030

Iraima Capriles,

*Executive Director of the Economic and Social Council of the Dominican Republic*

The Economic and Social Council (ESC) of the Dominican Republic<sup>1</sup> is about to turn ten years old which is a good moment to look back and see how far it has come, analyse the present and where we stand, and try to foresee how and where we can be a part of the country's future.

The title of this paper refers to the year 2030, as Law 01-12 on the *National Development Strategy 2030* makes the ESC responsible for monitoring, through social oversight, the various stages of compliance with the general and specific objectives and the lines of action included in the four strategic areas comprising the vision of the country we wish to build in the long-term. This is summarised in the Law as follows:

*"The Dominican Republic is a prosperous country, where people live decently, attached to ethical values and within a participatory democracy guaranteeing a social State and democratic rule of law that promotes equity, social justice and a more egalitarian society, that manages and promotes its resources in order to develop in an innovative, sustainable and territorially integrated manner, competitively incorporated in the global economy"*<sup>2</sup>.

On several occasions I have had to explain to a new member what an ESC is and how ours works. I cannot deny I have always been helped by a few lectures on administrative law that I have had the chance to attend.

The following notes include four aspects of its institutional life:

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1. The Dominican Republic covers 48,670 km<sup>2</sup> of the east of the island of Hispaniola located in the Caribbean Sea, and has a population of 11 million. Its capital, founded in 1496, is Santo Domingo de Guzmán. It is a democratic republic with a President and a Vice President elected by the people for a period of four years; a Bicameral National Congress with a Senate (32 seats), Chamber of Deputies (183 seats), whose members are elected by the people every four years. The Courts are made up of the Constitutional Court, the Superior Electoral Court, and the Supreme Court of Justice. There is an Accounts Chamber which, together with the above bodies, has constitutional rank.

2. Law 01-12, Art. 5 on the National Development Strategy of the Dominican Republic 2030.

I. Origin, sources and administrative structure; II. Participation and consensus building processes of the ESC; III. Best practices in light of the results obtained; IV. Role of social oversight of the ESC. Finally, the conclusion covers the topic of representativity and how certain issues the ESC has faced are to be resolved through the Organic Law approved by the Senate, which is expected to be passed by the House of Representatives of the Dominican Republic.

## I. Origin, Sources and Administrative Structure

Originally, the Economic, Social and Institutional Council was set up in 2005 by Presidential Decree 13-05 of 25<sup>th</sup> January of that year. Its structure comprises a Plenary Assembly of 43 members - 9 from the social sector, 7 from the trade union sector and 25 from the business sector, an Executive Commission of 6 members, with two representatives from each sector, a President and an Executive Directorate functioning as a General Secretariat. The decree established that the Plenary would have 7 working committees to deal with matters related to the economy, tourism, farming, health, urban development, and electricity<sup>3</sup>. With a limited budget and monthly meetings with few attendees, the ESC took its first steps.

In 2010, two years after a territorial consultation on the constitutional reform conducted by the Committee of Jurists designated by Presidential Decree and coordinated by Monsignor Agripino Núñez Collado as President of the Economic, Social and Institutional Council, a Constitution was proclaimed for the Dominican Republic, in which the Economic and Social Council attained constitutional rank.

That is, at the start of the 21<sup>st</sup> century, through Decree 13-05 and the Constitution of 2010, a single institution gathered people who, due to their competence or authority, their place in society, or their business, professional or union leadership, formed part of the social dialogue, not only to deal with salary or other labour topics, but with the aim of establishing a permanent dialogue whose “*conversation topic*” were the priorities for the country’s economic, social and employment development.

In a unique space, the Economic and Social Council gathers employers, trade unionists and civil society organisations with a clear social oversight profile around a single table, to express their view on topics programmed by the Executive Committee. Their participation is formalised in the drafting of public policies to be implemented by the central Government, based on the opinions and suggestions reported in the minutes of each meeting.

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3. Decree 13-05 issued by His Excellency, the President of the Republic Mr. Leonel Fernández Reyna on 25<sup>th</sup> January 2005.

The Economic and Social Council trusts that, upon reaching the 10th anniversary of its institutional existence, it will have a legal standing whereby, in accordance with the responsibilities resulting from successful fulfilment of its duties and functions, will allow it to continue progressing steadily towards 2030.

### Consultative Role linked to the Administrative Structure

Although, in practice, the Dominican ESC is strongly influenced by the administrative structure of the law establishing the ESC of Spain in 1991, whose source is the Spanish Constitution of 1978, the legal source of the ESC of the Dominican Republic was inspired more by the administrative organisation of the 5<sup>th</sup> French Republic. For this reason and with no academic intention, I beg the reader's consent to quote some of the basic authors of general administrative law to help support this assertion.

For René CHAPUS<sup>4</sup>, Economic and Social Councils are part of the "*institutions accompanying active administration*", the latter being understood as the administration that decides, that is, the one invested by the State with the power to make decisions. The author explains that "*the active administration*" not only needs to be controlled, but also assisted in the exercise of its power to decide. To fulfil this mission, consultative bodies are created for the central administration, which he calls "the consultative administration".

Professor CHAPUS notes that the existence of two of these bodies is guaranteed by the Constitution of the French Republic: the State Council and the Economic and Social Council, currently the Economic, Social and Environmental Council<sup>5</sup>.

On the other hand, Jean RIVERO and Jean WALINE<sup>6</sup> refer to these consultative bodies of the central administration, characterised by their constitutional status, composition and attributions as bodies called upon to provide an opinion or report to the administration generally through a Minister, on certain types of projects prepared by the central administration. They amount, therefore, to a means of participation for the stakeholders affected by projects.

This refers to an administrative structure which, since 4<sup>th</sup> October 1958, has been applied to the ESEC of France, with only slight changes, the latest one in 2010, to include the environmental aspect.

4. CHAPUS, René. "*Droit administratif général*." Tome 1, 15e édition Montchrestien, Paris, 2001. Page 444.

5. CHAPUS, René. Ibid. See Constitution of the French Republic of 4 October 1958, Arts. 37, 38 and 39 related to the State Council and Arts. 69-71 and Ordinance of 29 December 1958 of the Economic and Social Council. Pages 445-446. (The most recent change by constitutional law of 2010 changed the name to the Economic, Social and Environmental Council).

6. RIVERO, Jean; WALINE, Jean. "*Droit administratif*." 18e édition. Précis DALLOZ, Paris, 2000. Pages 347-348.

In spite of having adopted the French administrative model, with a strong consultative component, the Dominican Republic Decree 13-05 and the constitutional reform of 2010, gave priority to the role of consensus building to be performed and reached by the ESC, as explained below.

The first motivation of the Decree in force establishes:

*"WHEREAS: It is essential to foster operating spaces for permanent consultation, with broad representation, to promote debate and adopt economic, social and institutional policy measures that are acceptable for the citizens, overcoming immediatism and improvisation."*

However, Article One of Decree 13-05 reversed the order of the roles by stating:

*"ARTICLE 1. The Economic, Social and Institutional Council is created as a consultative body of the Executive Power on economic, social and institutional matters, with the general attribution of examining and issuing an opinion on issues of any nature that are of national interest, creating a permanent institutional space for discussion and deliberation aimed at achieving a social consensus."*

Of interest is the following article in the same Decree for understanding this consultative role:

*"ARTICLE 3. The National Dialogue is recognised as a valid authority for consensus building and organisation efforts, comprising the various sectors of civil society, the Government and the Political Parties. The Economic, Social and Institutional Council will strive to complement and strengthen the National Dialogue."*

*PARAGRAPH: The National Dialogue, as the joint authority comprising parties, Government and civil society, will form its own structure and determine the levels of organisation it will have with the Economic, Social and Institutional Council."*

In the Constitutional Reform of 2010, consensus building is once again the main focus in accordance with the constitutional text:

*"Article 251. Economic and Social Council. Social consensus is an essential instrument to ensure the organised participation of employers, workers and other society organisations in the continuous building and strengthening of social peace. To promote this there will be an Economic and Social Council, a consultative body of the Executive Power on economic, social and labour matters, whose composition and operation will be established by law<sup>7</sup>."*

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7. Article 251 of the Constitution of the Dominican Republic proclaimed on 26th January 2010.

## Regarding the “consultative body” linked to the National Development Agenda

Former President Dr. Leonel Fernández Reyna, during his first term of office (1994-2000) conducted a national survey entitled National Dialogue, organised under Decree 489 of 18<sup>th</sup> November 1997 with the objective of: “*Favouring a national agreement to determine management and solution of the country’s major problems in the short, medium and long-term*”<sup>8</sup>; which was broadly supported by the population.

It is interesting to note that among the members of the Organising Committee of the National Dialogue, chaired by President Fernández, was the current President of the Dominican Republic, Mr. Danilo Medina Sánchez, acting as Minister of the Presidency, and the current President of the Economic and Social Council, Monsignor Agripino Núñez Collado, as Rector of the *Pontificia Universidad Católica Madre y Maestra* (PUCMM) and Official Spokesperson of the Organising Committee. Once the initial work of the *National Dialogue* was completed, work continued at the PUCMM on the priorities for a national development agenda<sup>9</sup>.

These tasks were not new for the *Pontificia Universidad Católica Madre y Maestra* where various studies and surveys had been carried out. Through the University Centre for Political and Social Studies (CUEPS), directed by sociologist Dr. Ramonina Brea, an initial group of proposals regarding priorities for national development was compiled in 1993 entitled “*Institutional Reforms in the Dominican Republic: A Summary of Proposals*”.

Another similar exercise to identify priorities through consultation and agreement was conducted in 1996, again through the *Pontificia Universidad Católica Madre y Maestra*.

In 1999, again an exercise of this type was conducted with financing from the World Bank, and administered by the PUCMM, which led to submission to the presidential candidates on 20<sup>th</sup> December 1999 of a publication entitled: “*Results of the Agreement on National Development Priorities*”. This was followed in December 2000 by a second publication containing – the executive summaries of the Work Groups on: I-Social policies aiming to fight poverty; II-Economic policies for farming development and a Free Trade Agreement; III-Environmental Policy and Management; IV-State Reform; V-Border Development and Relations with Haiti.

8. Carlos Dore Cabral, Esther Hernández Medina, coordinators. “*La voluntad de la Nación, propuestas aprobadas en la primera etapa del Diálogo Nacional*” [“The Will of the Nation, Proposals Approved During the First Stage of the National Dialogue”] Publisher Alfa and Omega, Santo Domingo, 1998.

9. In 1996 the *Grupo Acción por la Democracia* coordinated by the University Centre for Political and Social Studies (CUEPS) of the *Pontificia Universidad Católica Madre y Maestra* (PUCMM), published volumes I “*National Development Agenda*” and II “*Plans of Action for the Ten Top Priorities of the National Development Agenda*”, published by Taller and Centenario respectively, Santo Domingo, 1996.

The Dominican employers’ organisations also prepared a similar publication with the results of the 2nd Large National Business Convention; see publication “*Business Agenda for Integrated Development*”, published by the National Council of Private Corporations (CONEP), Santo Domingo, 1995.

There is evidently a need to separate the consultative role of the ESC, from the “consultative body” referred to by the French administrative law texts.

It is also evident that the European Economic and Social Councils fulfil a consultative role that is generally more similar to the general characteristics of the “consultative body” under administrative law. In the case of the ESC of the Dominican Republic, the interpretation made of “consultative body”, so far, has been as a coordinator of consultations, both national and regional, which obviously describe a different situation.

Moreover, in the Dominican Republic, consultation has generally resulted in work groups which start the discussion rounds, to achieve consensus agreements.

### Regarding the role of a “consensus building body”

The *Pontificia Universidad Católica Madre y Maestra*, known by its acronym PUCMM, had already had very significant participation in 1989 through the conciliating role of its Rector Monsignor Agripino Núñez Collado<sup>10</sup>, who had coordinated and led the labour law committee, initiating discussions among employers, trade unions and the Government, and who, through efforts for social dialogue, mediation and consensus building, managed to achieve agreements to improve the living conditions of workers and the competitiveness required by corporations, under labour relations that at the time were still governed by the Trujillo Labour Code of 1952.

That “tripartite dialogue”<sup>11</sup> culminated in the reform of the Labour Code in 1992, and the passing of Law 16-92 covering significant achievements regarding social claims for workers and improved working environments leading to the social peace necessary to increase competitiveness.

Indeed, it is the role of consensus building<sup>12</sup> that characterises the ESC of the Dominican Republic inspired along the “tripartite” lines expressed by Dr. Emilio Morgado Valenzuela, and cited by Monsignor Núñez in his work *“The Culture of Dialogue and Agreement in the Dominican Republic 1985-1997”*.

There can be no doubt that the decrees that formed the Economic and Social Council were based on the academic leadership, moral authority, prestige and experience as a mediator and consensus building capacities, of Monsignor Agripino Núñez Collado, as demonstrated in his efforts in the *Tripartite Dialogue*, his experience at the *Pontificia Universidad Católica Madre y Maestra* regarding specific consultations on “priorities for a

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10. The Dominican Episcopate Conference asked Monsignor Agripino Núñez to be the mediator in the “Tripartite Dialogue” conversations.

11. These meetings took the name “Tripartite Dialogue” from 1989, when they began, until 1992, when they ended.

12. NUÑEZ COLLADO, Agripino. “La cultura del diálogo y la concertación en la Republic Dominicana 1985-1997”. Published by Taller, Santo Domingo, 1997. Page 47



*national development agenda*” and also the experience of conducting national consultations to understand the opinion of the population regarding the priorities for national development in 1998. This survey was carried out by the *National Dialogue*.

## II. Processes for social participation and consensus building by the ESC

**Fiscal Reform of 2005.** When the Dominican Republic-Central America-United States Free Trade Agreement (known as CAFTA-DR) entered into force, the amount of revenue estimated from taxes and duties for the central Government diminished, making it necessary to increase the tax base to achieve the estimated amounts of revenue required by the Government to continue its development projects and maintain the public payroll and public expenditure. There were differing opinions between the private and the public sector regarding the estimated actual amount of revenue required by the Treasury.

On the 5<sup>th</sup> August 2005, the Technical Committee for the National Dialogue submitted a “Report on Fiscal Reform in the light of the Free Trade Agreement between the United States, Central America and the Dominican Republic”. In brief, the intention was to identify the amount of fiscal loss estimated after the coming into effect of the agreement and the requirements of the business sector to guarantee competitiveness, as well as the amount required by the social and trade union sectors to continue improving the living conditions of the Dominican people, increasing expenditure on health-care, education and social security. The report was endorsed by the government authorities, the business sector, the trade unions and the social sector which had participated in the conversations.

The agreements entered into allowed the passing on 13<sup>th</sup> December 2005 of Law 557-05 with the main tax changes necessary for the country’s development.

**Entry into force of Family Health Insurance in 2006.** A process to bring together the positions of the various actors in the health system of the Dominican Republic, triggered by the full entry into force of the Law of Social Security 87-01 regarding Family Health Insurance, was initiated on 19<sup>th</sup> April 2006.

Four committees arose from the Plenary Assembly held that day, one of which was created to update the cost of the Basic Health Plan (PBS), an essential component of the Family Health Insurance (SFS) of the Dominican Social Security System.

This consultation and consensus building procedures began in April and were completed in December 2006. The aim was for the parties to agree on how much the public sector would pay to the health service providers through the insurance companies for the services covered by the Basic Health Plan. The work was completed with the

“Agreement to Start the Family Health Insurance under the Contributory System” signed first by the President of the Republic, Dr. Leonel Fernández Reyna, and the Minister of Labour, Dr. José Ramón Fadul, the agents from the health system, the business sector, trade unions, and honorary witnesses, the Vice President of the Republic, Dr. Rafael Alburquerque, and Monsignor Agripino Núñez Collado, Coordinator of the National Dialogue.

The agreements signed allowed the Family Health Insurance under the contributory system to come into force on the 1<sup>st</sup> September 2007.

**The Committee of Jurists for the Constitutional Reform of 2006.** Under Presidential Decree 323-06, a Committee of Jurists was designated *“with the purpose of preparing, through consultation, a document including the proposals identified on aspects to be changed in the Constitution of the Dominican Republic”*<sup>13</sup>.

Article 4 of the Decree designated the Economic, Social and Institutional Council (CESI) as one of the organisations appointed to provide logistic and administrative support to the procedure in the fulfilment of its duties.

For 2 years, the Committee of Jurists met week after week and travelled practically across the whole country, collecting the various opinions of the population regarding the Constitution they wanted for the future.

The agreements reached allowed the Constitution to be proclaimed on 26<sup>th</sup> January 2010.

**Workshop on Transparency and Probity in the Public Sector, Learning about the Chilean Experience for the Dominican Republic in 2008.** Law 498-06 on the System for Public Planning and Investment and implementing Regulation 493-07 contemplated planning of public budget and expenditure based on the objectives to be met in the short, medium and long-term.

The Economic, Social and Institutional Council, in coordination with the former Minister of Finance of Chile and at that time a consultant on public policy, Dr. Alvaro García, held a workshop to learn about the Chilean experience related to the Convergence Agreements in Chile.

This workshop was the precursor of the start of work on the Country-Vision that would later be a part of the National Development Strategy. It was monitored by the “Committee for Implementation of the Conclusions from the Jarabacoa Meeting” and the “Committee for Institutional Strengthening of the CESI”, which continued the monitoring work until well into 2008.

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13. Decree No. 323-06 of 3rd August 2006 passed by His Excellency, the President of the Republic, Dr. Leonel Fernández Reyna.

**Summit for National Unity of the World Economic Crisis 2009.** The first stage of this procedure had the following objective: *"To find solutions to short-term problems that require urgent attention to be implemented in 2009 in fundamental areas of the economy, social services, public administration and institutional consolidation, in order to face the challenges of the world economic crisis and its economic, social and political consequences"*<sup>14</sup>.

Once again, consultations were conducted and work groups set up and agreements entered into which included a Committee to Monitor Agreements established by Presidential Decree No. 175-09 dated 10<sup>th</sup> March 2009.

The second stage was as important as the first one, for whereas the first had intended to reach an agreement on how to manage the crisis in the best way possible, the second aimed to focus on the future through "A Journey of Transformation TOWARDS A BETTER COUNTRY"<sup>15</sup>.

**National Development Strategy for 2030 in 2012.** In March 2010, the task was completed and in January 2012 Law 01-12 of the National Development Strategy 2030 was passed, in which the Economic and Social Council had major responsibilities:

*To organise the space for the three national pacts, corresponding to education reform, fiscal reform and electrical industry reform and any other national pacts which the country would be required to enter into.*

*To follow-up compliance with the National Development Strategy.*

**The EUROsociAL Workshop Meeting prior to the start of work on the Education Pact 2013.** Since the creation of the ESC of the Dominican Republic, international relations have been one of its most important pillars as sharing with other Economic and Social Councils is an extraordinary source of experience that can contribute to the internal strengthening of a council's daily work. The experience with EUROsociAL is an excellent example of this.

As mandated by Law 01-12 of the National Development Strategy, it is the responsibility of the ESC to provide space for undertaking the Education Pact. However, it was necessary to gather the various players of the education system and make progress in the ESC methodology in order to achieve agreements through consensus.

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14. According to the methodology sheet designed for this process which concluded with the following sentence: *"In order for these proposals to be executable in a context marked by recessive trends and the risk of imbalance, they must provide solutions that are fiscally sustainable, socially necessary, financially feasible, politically viable"*.

15. This was the name of the government proposal document based on consensus agreements for the National Development Strategy 2030.

In October 2012, in Madrid, at the end of the meeting between the Latin American ESCs and the Spanish ESC, we were given the chance to receive collaboration from EUROsociAL. We wasted no time or opportunity and immediately requested cooperation from their representative, Mr. Ignacio Soletto, which consisted of assistance from experts on building consensus in the area of education.

The workshop organised under the auspices of EUROsociAL took place in Santo Domingo, on the 21st and 22nd February 2013, with the presence of consultant Consuelo Velaz de Medrano, who left everyone fully satisfied by the clarity of her presentation, the depth of her knowledge and above all, her realism. The players of the Dominican education system, led by the Minister of Higher Education, Science and Technology, Mrs. Ligia Amada Melo de Cardona, were pleasantly impressed.

The presentation by Pavel Trantina from the European Union ESC was equally satisfactory, as it focused on one of the topics favoured by the Dominican ESC, namely, participation by youth in economic and social councils.

The presence and support of the Economic and Social Council from Spain was very evident. Its members Javier Ferrer Dufol, Dionis Oña Martín and Eduardo Navarro Villarreal delivered presentations, and from the international unit team we were accompanied at all times by Ms. Margarita Bravo.

This workshop on building consensus sparked conversations on how to carry out consultation, discussion and implementation of the National Pact for Education Reform.

**National Pact for Education Reform 2013.** Convened by His Excellency the President of the Republic, Mr. Danilo Medina Sánchez, through Decree 228-13, we took on an arduous task that lasted approximately 6 months, divided into six phases:

Phase I – Methodology; Phase II – Consultation; Phase III – Discussion; Phase IV – Implementation; Phase V – Signing of Education Pact; Phase VI- Follow-up of Compliance with the Education Pact. Having started in August 2013, it concluded with the signature on 1<sup>st</sup> April 2014, and had significant national repercussion.

### III. Best Practices stemming from Results Achieved

Best practices, as their name implies, arise from positive experiences which repeatedly give the results expected.

The role of the ESC in the above processes has been to a) promote organised participation through inclusion mechanisms; b) ensure the integrity of the process, which to a certain extent means that the opinions derived from citizen surveys must not be lost

in the results of digitisers and coders who convert them into statistical data; c) maintain the neutrality of the consensus exercises, subject to the ethical principles of respect, integrity, truthfulness and responsibility.

Furthermore, in our view, the process to generate best practices for the ESC of the Dominican Republic would have been impossible without the following components:

- I. Political Will: that is, from the Central Government, a manifest interest in including participatory democracy methods in public policy decision-making.
- II. The figure of the President of the ESC with moral authority, exceptional competence, proven commitment to the highest and best interests of the nation which, in turn, are virtues that generate trust in political, economic and social settings.
- III. An operating team compliant with the law, and ethical principles of respect, integrity, truthfulness and responsibility, providing constant technical support, which are qualities that generate trust in interinstitutional settings, among the members and the general public.

This was the basis for the procedures that can be considered best practices in the consultation and consensus processes carried out by the ESC of the Dominican Republic.

**1. Methodology.** A component that works is to develop the process, which ever it may be, based on an agreed methodology. This allows for the planning of steps, viewing different scenarios, forecasting and providing for various situations, as well as projecting expected results.

There must be a body that allows for validation of each phase of the methodology and for any necessary adjustments. A methodology works when members and participants feel at ease and are willing to follow what has been established. It is important, to have a designated person willing to remind others of the contents of the methodology when there are attempts to deviate from what has been agreed.

**2. Appropriate distribution of responsibilities.** Another important factor in the process is the appropriate allocation of responsibilities among the various levels linked to the “decision-making power” as conceived both within administrative law and outside it.

**3. Validation of results in every phase.** To keep all partners or actors duly informed of the process and conduct any adjustments, as necessary.

**4. Collective understanding of terms to be used.** To build consensus may be construed as *“several people deciding something by consensus”*, *“to coordinate or harmonise*

*(two or more) things for a common purpose*,” *“two or more people settling on something*,” *“to accord or pact something”*.<sup>16</sup> To be able to build consensus it is essential to establish game rules. At the Economic and Social Council of the Dominican Republic, decisions are made by consensus and not by vote. Therefore, it is necessary to build on common ground, identify what connects the actors and note down what separates or divides them. When striving to reach agreement by consensus, voting no longer makes sense.

**5. Efficient communication.** Based on facts, constructive statements and the ethical values of respect, integrity, truthfulness, responsibility, communication among those who are stakeholders or actors of the institutional dialogue is essential. Fluid communications founded on respectful and precise language, where there is no doubt about the wish to reach an agreement or pact, keeps the doors of discussion open.

**6. The ESC is its members.** The Economic and Social Council’s leadership exists because its members represent the economic and social powers of the country. Its members are empowered to negotiate and agree on behalf of the sector they are linked to and represent. If these sectors are strong, the ESC is reinforced in its institutional functions and social participation becomes efficient.

**7. Follow-up Committees or Authorities.** It is usually the case that after important work striving for agreement by consensus, the actors disperse and return to their everyday work and institutional routines. Therefore it is necessary for the original methodology enforced, to include follow-up measures, either of the process itself, or of whatever has been agreed, through the commitments assumed by the various players.

## IV. Role of Social Oversight

In the 21<sup>st</sup> Century there has been increased expression by civil society through the organised social participation that is promoted by economic and social councils. It is evident that society, target of public policies, is ever more interested in being a part of the design, creation, decision-making and implementation of these policies.

Additionally, it is also beneficial for the State Administration, in terms of governance, for there to be active and empowered social participation by citizens. These are the traits of contemporary democracy, where voters are not satisfied only with expressing their views every once in a while by voting, but rather they demand from their elected authorities space for expression that will lead to veritable proposals and the reaching of more humane, and ethical solutions marked by solidarity.

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16. Meanings of the Spanish word “*concertar*” (agree), according to the dictionaries of the Royal Spanish Academy, Editorial Santillana, Editora Larousse.

These concerns were included in the new responsibilities of the ESC set by the Law of the National Development Strategy in which the National System for Monitoring and Evaluation contemplates social participation being coordinated and conducted through the Economic and Social Council<sup>17</sup>.

## Conclusion: Relevant Aspects of the Draft Organic Law 2015

Looking towards the future, we began 2008 by presenting a draft organic law for the Economic and Social Council. Although incorporation into the Constitution preceded this step, it nonetheless required time to build the proper consensus among the ESC members.

Two topics caught the attention of the members: composition of the Plenary Assembly and the Working Committees. As indicated in the section on best practices, the ESC is its members. This is why the composition of the plenary assembly was debated in the current Plenary Assembly and in the Executive Committee when discussing the draft organic law that was to determine the legal and regulating statute of ESC activities, according to the concepts of representation and legitimacy of representation.

The text of the draft in process at the National Congress states:

*Article 8. Composition of the Economic and Social Council Plenary Assembly. The Economic and Social Council will comprise: 1) A President; 2) A Secretary General; 3) Fifteen representatives from labour organisations, including three representatives from trade unions; 4) Fifteen representatives from business organisations, including the chambers of commerce and of production and micro-enterprise organisations; 5) Fifteen representatives from social organisations, including the church, academic institutions and community organisations, among other social organisations. PARAGRAPH I: The members of the ESC will be selected by their own sectors every four years, through election assemblies with the participation of the organisations in each sector.*

This distribution balances the weight of trade union organisations and civil society associations which had been at a disadvantage compared to business organisations.

Furthermore, the working committees were readapted to the country's economic and social reality, and the responsibilities arising from the national pacts have required greater integration of ESC members in the social oversight tasks.

This is why standing committees will include active participation by members as noted below:

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17. Law 01-12 Art. 39 concluding "These Authorities will facilitate the necessary social oversight, accountability and compliance with public-private co-responsibility to achieve the national development objectives".

*"ARTICLE 23.- Standing and Special Working Committees.- The Economic and Social Council will create the necessary committees to achieve its mission, and for the same purpose, may consult with experts. The committees will be standing or special and will comprise at least three (3) representatives from each sector represented in the ESC, and shall not meet without the attendance of at least one member from every sector".*

*"ARTICLE 24.- Committees. The Council's Standing Committees are the following:*

- 1. Institutional, Transparency and Rule of Law.*
- 2. Education, Health and Social Protection.*
- 3. Economy, Productivity and Employment.*
- 4. Environment and Sustainable Development.*
- 5. Emerging and Current Affairs related to socioeconomic and labour matters".*

In my view, although many other conclusions may be drawn from the above, the first of my considerations is that every Economic and Social Council corresponds to the social, economic, labour, legal, historical and cultural context of its country. It interprets the political aspirations of civil society and the political will of Government to incorporate participatory democracy instruments in representative democracy as a form of social participation in the decision-making power of the Administration.

A new administrative architecture that tends to allow greater social participation in public policy appears to be permeating governance in this century. After all, public policies should be designed not only for the development and growth of our countries, but ultimately for the human beings they address.



# **Recent experiences by countries**

## *European Union*



# **The Austrian Social Partners' Advisory Council for Economic and Social Affairs (Beirat für Wirtschafts- und Sozialfragen)**

## **Introduction**

The Austrian Economic and Social Council was set up in 1963 on the basis of an informal agreement between the four major bodies from the two sides of Austrian industry: the Federal Economic Chamber, the Federal Chamber of Labour, the Confederation of Trade Unions and the Chamber of Agriculture. This agreement is amended and updated from time to time in line with changing circumstances.

The Council therefore has no legal personality. It is not based on any piece of legislation but, as with the overall system for organising the social partners in Austria, it is based on a voluntary, informal approach. The Council issues studies and reports on economic and social policy issues containing joint - therefore unanimous - recommendations from these four bodies, addressed to the federal government and the other economic and social policymakers.

## **Mission**

The Council's tasks include the following: examining economic and social policy issues as they affect the national economy; issuing recommendations for achieving stable purchasing power, steady economic growth and full employment; putting forward proposals for improved coordination of economic and social policy measures and dealing with basic questions in these areas.

The Council has to take account of the need to work through economic policy issues by drawing up economic reports; it is therefore an institution which adopts an objective approach to political discussions by working out common bases and compiling facts and information in a non-conflictual manner. This comprises the starting point for joint measures and recommendations prepared by the social partners for the federal government and others responsible for economic and social policy.

In the course of its work, its tasks have been expanded and generally speaking today include contributions to economic and social policy, i.e. over and above macroeconomic topics, its remit also includes structural development and microeconomic issues.

In the most recent social partner agreement, the following objectives were laid down, amongst others: steps to improve international competitiveness by means of investment, research, higher productivity and improved quality; the promotion and development of human skills and aptitudes, particularly through training and further training; the preservation and improvement of a humane working environment and further development of the fairest possible social structures.

## Membership

The Council comprises a total of 21 people: 16 council members and five permanent experts.

In addition, it has two managing directors (secretaries-general), one from the employers' side and the other from the trade union side.

The members and experts essentially represent the top people in the four main social partner bodies in matters pertaining to economic and social policy. The only member not representing the social partners is the head of the Austrian Institute for Economic Research, who is appointed as a permanent expert.

## Organisation

The size, structure and working methods of the Austrian Council are quite different from the European, French or Italian Economic and Social Councils.

Due to its informal legal structure, it has no binding, written rules of procedure, nor does it have its own premises or budget. The de facto rules of procedure of the Council have been developed with practice, based on precedence, and are not legally binding.

The chairmanship (presidency) of the Council changes every six months and is shared between the four bodies representing the social partners. The chairman (president) heads up the meetings of the Council and represents it outside.

The Council meets once a month on the premises of the organisation holding the chair at the time. Its meetings are confidential and not public. Council statements are usually consensus-based. Various wordings are discussed until a consensus is reached.

There is therefore no provision for abstentions and minority votes occur only in exceptional cases.

Members and presidents are appointed from within the four social partner bodies represented on the Council, according to their own internal rules of procedure. In principle, their mandate is unlimited in duration and can be withdrawn at any time by the organisation to which they belong. The activities of the Council members, the chairman and both secretaries-general are unpaid. All of their Council-related activities are carried out as part of their usual duties in their own organisations.

Any costs incurred in the course of the Council's activities (publications, conferences, etc.) are usually shared equally between the four social partner bodies.

## Working methods

Traditionally, the Council draws up its reports in the following way: The presidents of the four social partner bodies instruct the Council to draw up a report on a specific subject. The Council sets up a working group to draft the report. External experts can also be brought in; these can be from ministries, economic research bodies, universities and other relevant areas. The working group then submits its text to the Council. The latter will - under the overall control of the secretaries-general - word the recommendations in such a way that it is possible for the report to be adopted unanimously by the Council.

Reports and recommendations are sent on to the presidents of the four social partner bodies requesting their permission for publication. Only after this permission has been given is the Council's report made public. The report is officially forwarded to the federal government, included in the Council's publication series and normally presented to the public at a press conference.

The importance of the Council's reports and recommendations lies above all in the fact that expert knowledge is turned to good use in a body close to policy-making circles, in order to work out a consensus view amongst all the social partners.

For further reading, you can visit: [http://www.sozialpartner.at/sozialpartner/Sozialpartnerschaft\\_mission\\_en.pdf](http://www.sozialpartner.at/sozialpartner/Sozialpartnerschaft_mission_en.pdf)



## The Economic and Social Council of Bulgaria: ten reasons for being called a “Civil Parliament”

Prof. Lalko Dulevski,  
President of the Economic and Social Council

*“When you start building something new, in the beginning there is usually a big dream. Ten years ago, my dream was to create a real economic and social council which would unite all major social and political forces for the benefit of Bulgaria. And although at heart I am a dreamer, I never imagined that this would take so little time to achieve in my country.”*

Prof. Lalko Dulevski, President of the Economic and Social Council, in his speech celebrating the 10th anniversary of the ESC on 10 December 2013

The first plenary session of the Bulgarian Economic and Social Council (ESC) was held on 10 December 2003. For eleven years this year ESC has been the permanent institutional form of civil dialogue in Bulgaria and during this short period it has managed to adopt over 2000 pages of acts offering its opinions on policies in all areas of life and proposing solutions to strategic problems facing the country.

The success of the Bulgarian ESC lies in its institutional form of operation. There are several key aspects:

1. The Economic and Social Council was established by a special Act of the National Assembly adopted in 2001, which stipulated its status, structure and mode of operation. In essence, ESC is a typical form of democracy with direct participation, functioning through statutory forms of cooperation between civil society organisations and the President of the Republic, the National Assembly and the Council of Ministers. The ESC has its own budget and administration to support its activities.
2. Bulgaria created its Economic and Social Council, following the model of the European Economic and Social Committee – an independent “civil parliament” without the participation of representatives of the legislative and executive authorities or other governmental institutions. The fact that ESC is a non-politicised institution is a huge

advantage for the activity of the Council, enabling it to work successfully with every Government, Parliament and Bulgarian President to date.

3. The basic structural principle underlying ESC is the equality<sup>1</sup> of the three groups represented in it – employer organisations, trade unions and other civil society organisations with common socio-economic interests. ESC acts are adopted by a three-fourths majority and in practice this means that the document is an agreed position of all parts of civil society. Therefore, the acts adopted by ESC are characterised by a very high level of representativeness and added value.

4. Consensus – this is the key word for ESC's success. Almost all acts of the ESC are adopted by consensus and this is the working principle adopted by all ESC members. The representatives of all three groups participating in the ESC are always prepared to use compromise in order to reach a common position on economic and social problems that are crucial for the country. As a result, despite the inevitable differences that exist between member-organisations, the work within the ESC is always aimed to produce a document – an opinion, analysis or resolution – which reflects in equal measure the interests of all representatives of organised civil society.

*"No agencies of the executive power participate in the ESC and as an independent institution, comprising representatives of three groups (employers, trade unions, civil society organisations), we are able to reach consensus and adopt, almost always unanimously or with overwhelmingly majority, documents addressing problems and strategic issues related to the social and economic development of our country."*

Vasil Velev – ESC Vice-President from the group of the employers – in an interview with news agency "Focus" held on 30 November 2013.

*"My impression is that so far almost everything that ESC has prepared has been adopted by consensus."*

Dr. Konstantin Trenchev – ESC Vice-President from the group of the trade unions in an interview with news agency "Focus" held on 29 November 2013

*"ESC is an example of how, based on open civic dialogue, it is possible to conduct institutional consultations and adopt consensual decisions on critical and contentious strategic issues of economic and social policy, to list but a few examples from the area of economic policy: the National Reform Programme, income tax policy, pension reform, healthcare, education, etc."*

Professor Neno Pavlov – ESC Vice-President from the group of other organisations in an interview with news agency "Focus" held on 1 December 2013.

5. The amendments to the ESC Act of 2008 introduced public consultations. This form

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1. Article 3, para. 3 of the ESC Act.



of dialogue is enshrined in Art. 4 of the ESC Act and its participants are, on the one hand, the Economic and Social Council and, on the other, institutions of the legislative and executive power. Public consultations are open to civil society organisations not represented in the Council and the media. In this form of interaction where strategic economic and social issues are being discussed, the key point is the search for consensus between the positions of the ESC and the competent governmental institutions. This is an exemplary good practice of which the Bulgarian ESC is justifiably proud.

6. The acts adopted by the ESC are sent to all competent authorities at the national and the European level. The proposals contained in them are included in a number of strategic documents adopted by the Bulgarian government. ESC keeps an annual record of the proposals that are actually taken into account by governmental institutions. As a result, ESC has found that the number of such proposals included in specific governmental policies is increasing.

7. The high standard of the expertise of ESC members. ESC members are persons with proven expertise, leaders and representatives of the largest nationally representative employers' organisations and trade unions, civil society organisations from major areas of social life, as well as academics. The result of this expertise is the adopted acts which demonstrate a pragmatic approach and offer very specific proposals. In developing its opinions ESC is always trying to include also the positions of non-member organisations and attracts external experts.

8. Social dialogue – civil dialogue. In Bulgaria, the social dialogue is very well developed and institutionalised in the form of the National Council for Tripartite Cooperation (NCTC) as well as sector and branch councils for tripartite cooperation. NCTC is a body of cooperation and consultation at the national level, which provides an institutional form of equal participation for employers, trade unions and the government, so that they can negotiate and reach agreements on specific measures and resolutions related to the regulation of labour, social security relations and living standard issues. The main objective in such negotiations is to reach concrete agreements, which determines the council's predominantly operational function. The Economic and Social Council, unlike the NCTC, addresses matters of civil dialogue that build on and further social dialogue. This form of dialogue is trying to determine the vision and unified position of civil society on policies, strategies and more generally on the strategic problems of economic and social policies that affect a wide range of citizens. And as a result, by taking into account the proposals of the ESC, responsible governmental institutions gain broad public support for the formulation and implementation of strategic policies in the economic and social spheres.

9. Active participation of the ESC at the regional level. The Economic and Social Council is a national institution and has no regional structures, but nevertheless it has been

very active at the regional level as well by organising consultations and roundtables on key issues affecting the respective region where the forum is held. ESC was able to create a platform for debate, a meeting spot, where governmental institutions, local government, NGOs and citizens, and where appropriate, representatives of European structures, can discuss important region-specific problems. Problems and strategies for regional development were addressed openly at these meetings. All participants acknowledge the serious contribution of the ESC to determining the specific form of support for national regions and their specific problems.

10. The cooperation with the European Economic and Social Committee also played a key role in the creation of the Bulgarian ESC. ESC first received support from the EESC at the time of the functioning of the Joint Consultative Committee European Union – Bulgaria prior to Bulgaria's accession to the European Union and has ever since enjoyed the very active cooperation and assistance of the European Economic and Social Committee. Another good practice that is gaining popularity is that ESC organises consultations and discussions on common European issues with specific national importance for Bulgaria attended not only by representatives of the legislative and executive branches of the Bulgarian Government, but also by members of the EESC and other European institutions. Our goal is to develop and implement a model where European dialogue and national dialogue converge. For several years now we have been successfully sustaining not only horizontal dialogue with Bulgarian institutions, but also our partnership which the European Economic and Social Committee and the European Commission through its representation in Bulgaria.

Two important considerations must be made when presenting the objective reasons for the success of the functioning of the Economic and Social Council. First, in Bulgaria there is social and political consensus for the establishment of the Economic and Social Council following the model of the EESC – a strong and independent institution which can function as a constructive partner to the government, president and parliament. On the one hand, it should be acknowledged that the social partners – employers and unions – have undeniable merit for the creation of an independent Economic and Social Council while preserving the good traditions of the separate National Council for Tripartite Cooperation. On the other, it should be noted that another crucial factor for supporting the council, recognising its constructive role and consultative functions, and ultimately maintaining an independent "civil parliament" – is the strong political will in favour of the ESC. As a result of this unified position, the ESC is an example of consensus among institutions and persons with seemingly conflicting interests in order to assert and safeguard the common national interest.

Undoubtedly, the successful operation and partnership between ESC and the governmental institutions is recognised by them as well.

*"Everyone acknowledges the significant role of the Economic and Social Council in the past 10 years as a platform for civil dialogue in the country, as an indispensable partner of the government and, whenever necessary, as an important corrective in the formulation of policies for the socio-economic development the country. "*

Rosen Plevneliev, President of Bulgaria, in his speech delivered on the occasion of the 10th anniversary of the ESC on 10 December 2013.

*"The Economic and Social Council was justly called "the civil parliament." "I would sign my name under such an assessment, but I would also stress its role as a strategic centre, partner and, whenever necessary, opponent to the government in shaping policy priorities."*

Georgi Parvanov, President of Bulgaria, in his speech delivered on the occasion of the 8th anniversary of the ESC on 10 December 2011.

There are many challenges before the successful operation of the ESC. The foremost priority of the ESC is to offer the expertise of its members for the benefit of all state institutions, which are involved in the preparation and implementation of national and European strategies, as well as the development of specific policies in the socio-economic sphere. This priority is evident in the predominant number of own-initiative opinions as compared to those elaborated on the initiative of the competent institutions<sup>2</sup>. ESC's expertise, invested in its recommendation and findings, may be used much more effectively if public institutions show more interest in it – which namely is the major challenge facing the council – to continue to initiate and maintain an active dialogue with the institutions and to be more recognisable as a partner that embodies civil synergy and consensus.

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2. Pursuant to the ESC Act, the council develops its documents on the proposal of the President of the Republic, the President of the National Assembly or the Council of Ministers, Art. 5 para 1, and on its own initiative, Art. 5 paragraph 3.



## **The work of the spanish ESC in the period 2012-2014. An experience of institutionalised social dialogue in times of crisis**

### **1. The Economic and Social Council of Spain (ESC) and institutionalised social dialogue**

The Economic and Social Council (ESC) of Spain, as a consultative body for the Government on socio-economic and labour matters that is made up of the social partners and representatives of organised civil society, is a clear example of participatory democracy in the form of institutionalised social dialogue. The term 'institutional' describes one of the dimensions of the ESC profile, because participation by the social partners takes place in compliance with a legal mandate rather than in line with decisions adopted in the political sphere that may be only temporary. Law 21/1991 created the ESC, defined its functions and established its composition and structure, so the Council is a body within the State's institutional apparatus. And it is precisely this position in the broader sphere of social dialogue that marks the difference with other institutional bodies, because the ESC is not a body stemming from the Executive or Legislative Power but an institutional formula for channelling social participation in the decision-making process of these State Powers.

Through the consultative function expressed in opinions on laws or reports on socio-economic and labour matters, the social partners are able to participate autonomously in decisions taken by the Executive. In the Spanish ESC model, one dimension of this autonomy is the fact that there are no representatives of the Executive Power in the Council. It is true that the Government appoints a minority of the Third Group in the Council, but these are not Council Members in their capacity as government representatives but as experts on the matters covered by the Council.

More specifically, the composition of the ESC is characterised by the existence of three Groups, two of which can be identified as social partners (trade union and employers' organisations), and the third brings together representatives of civil society also related to socio-economic areas (social economy, farming organisations, fishing sector, consumers and, as already stated, experts). With this composition, the ESC broadly represents

civil society as a whole and is both representative from the point of view of its composition and significant from a socio-economic point of view. It is representative, because the legal design of the system for labour relations and institutional participation has objective mechanisms for measuring democratically-based representativeness. And significant, because this broad composition of the ESC affects the extent of subject matters on which it can act. It must be remembered that organisations like the ESC are representative of both social interests and sectors which, in one way or another, are partners in economic processes. This dual condition is important because it means that the criteria issued by the ESC on socio-economic matters are criteria agreed on by the players in this socio-economic reality and are built on very direct knowledge of it.

In this sense, the ESC is not a tripartite body following the well-known model of the ILO - with trade unions, entrepreneurs and Government. And it is possibly for this reason that the best-known tripartite dimension of social dialogue in which Government and social partners negotiate on socio-economic matters does not take place within the ESC but in direct relations among these subjects. We therefore talk about institutionalised social dialogue when referring to the ESC, which is an institutional consultative body for the Government, not including the direct presence of the latter and giving a leading role to the social partners. The social concertation that leads to agreements with direct results does not take place within the ESC even though it does have the same social partners and uses the same operating technique, that of dialogue to build consensus. The ESC is a body for consultation for the government and, as such, does not participate in the direct exercise of the functions of the Executive or Legislative bodies.

This consultative function of the social partners is exercised, as already stated, in a broad range of subject areas: economy, taxation, labour relations, employment and Social Security, social affairs, agriculture and fishing, education and culture, health and consumer affairs, environment, transport and communications, industry and energy, housing, regional development, European single market, development cooperation. We shall see below that this variety of subject areas has not only a quantitative dimension but also a qualitative one because it means that the ESC criteria follow an approach that can be described as horizontal, which is particularly useful in the socio-economic field.

When we talk about social dialogue, even if it is described as institutionalised, it must be stressed that this type of dialogue in the ESC leads to agreements. With very few exceptions in the more than 20 years of existence of the ESC, its reports and opinions have had the backing of a very large majority of Council members, which generally goes beyond the simple majority that would result from adding the votes of two Groups against the criterion of the third Group. It could even be stated that in the ESC there is a culture of consensus that can be related to more general factors in the

Spanish social and labour system, such as the dominance of agreements between the social partners, and to other factors that are more specific to a consultative body like the ESC. For example, consideration by the organisations that belong to it that consensus brings added value, and thus greater effectiveness, achieving a greater influence on decisions by the political power when criteria are based on consensus.

There is no need to discuss the effects of the situation of the economic and social environment on the climate of relations between social partners and the Government. This environment undoubtedly affects these relations and the results of social dialogue but, if we were to consider to what extent a poor socio-economic situation damages or benefits this dialogue and its results, the evaluation might be different. It might be considered that a poor socio-economic situation would promote social agreements, to the extent that Governments and social partners would seek lines of agreement to overcome the crisis, with room for mutual give and take. But in a socio-economic crisis, social agreements may be more difficult to achieve because the margin for give and take is smaller.

In the general field of social dialogue in Spain, in these years of crisis, we could talk about considerable difficulties for the continuity of tripartite social agreements, which were very much present in the years of democracy. And we could also talk about a marked continuity in the field of bipartite negotiation between the social partners. It is within this general framework that the continuity of consensus in the reaching of agreements by the ESC needs to be stressed. In the case of the Spanish ESC, it could be stated in general that, fortunately, the harsh crisis the country is suffering has not altered the general pattern of behaviour of the Council in terms of consensus-building.

So far, we have discussed the results of the dialogue within the Council and now, in order to complete the view of procedures to reach these results, it is important to explain how the ESC guarantees the technical basis of its reports and opinions. The ESC has a research area which carries out the preliminary work of compiling information and drawing up initial guidelines for the debates among the Council members so that these are based on data and technical assessments which give considerable reliability to the final results of the Council's work. In this same line, we can talk about other working formulae such as hearings, at the working commissions that draft reports and opinions, of external experts, who contribute with their knowledge on specific subjects.

A particular trend that has proven to be very useful to organise work and favour consensus making is work in Commissions. The documents that are put forward to the Plenary Assembly are previously drafted in Commissions made up by a limited number of Council members. These commissions keep the same representative proportionality

of the organisations present at the Plenary. The chair of each Commission rotates among the different organisations. Each Commission is specialized in the following subjects: economy and taxation, European Single Market, regional development and cooperation for development, labour relations, employment and social security, health, consumption, social affairs, education and culture, sectorial policies and environment, agriculture and fisheries, drafting of the Socio-economic and Labour report of Spain, the social and employment situation of women in Spain.

The starting point of a procedure for on opinion or report at the ESC is to send it to the appropriate Commission according to the subject.

Working in commissions guarantees a specialized study of the topic and also fluidity, thanks to the limited members. Also for the sake of flexibility of work the plenary can create other Commissions, decide the joint study of an issue by more than one Commission or to open participation in the work of one to members of another one.

With this same aim of improving the technical, knowledge base of the ESC work, there is a Documentation Centre that produces bibliography and information in general on socio-economic matters. And there are also other activities, such as the Research Awards that are convened annually by the ESC (the most recent on matters such as the socio-economic effects of social concertation, or industrial policy) and the organisation of seminars and meetings that aim to analyse specific aspects of the socio-economic reality (the latest on subjects such as recovery after the crisis, or new social movements).

And while consensus continues to mark the internal operation of the ESC, analysis of the subjects on which this consensus is sought indicates another of the characteristics of the Council's consultative function, namely, in relation to the extent of the socio-economic matters covered, the general or horizontal nature of the approaches adopted. These adjectives aim to stress how the broad, general approaches adopted on socio-economic matters point to the links among the various aspects of socio-economic reality and, therefore, among the various policies that can be applied to them.

Experience shows that, in many cases, the problems and even undesired effects arising in the adoption of sector policies are related to shortcomings when analysing their effects on other policies. But, conversely, interactions between these policies may even create synergies, or positive effects furthering the results of each of these policies and helping to achieve better balance between the objectives of economic efficiency and social cohesion.

Closely related to this characteristics of the horizontality of analyses is another characteristic, that of medium and long-term approaches. Partly because the ESC is separate from concertation, which usually focuses more on short-term matters, the ESC analyses



are able to adopt a broader time frame. And it is from this point of view that these interactions between the different socio-economic environments are easier to observe.

## **2. Most significant activities of the ESC in recent years**

### **2.1. Opinions and reports**

Over recent years, the ESC has issued opinions on legislation on subjects such as the Social Security pension scheme, the settlement of Social Security contributions, the functioning of mutual insurance companies, social inclusion for the disabled, the protection of children, foundations, the functioning of the food chain, free legal assistance, commercial law, guaranteed functioning of the internal market, support for entrepreneurs, recognition of qualifications, medication guarantees and the promotion of cooperatives. Clearly, this is a wide range of social and economic matters all of which, in one way or another, affect the efficiency of economic activity or the development of social protection systems.

It should be pointed out that recently there has been a slight reduction in this activity of preparing opinions because the government has made frequent use of what is known as “urgent, or fast-track legislation” which does not require the opinion of the ESC.

Regarding reports, the first point to note is that these are drawn up at the Council's own initiative. They express a dual consensus by the social partners – on the identification of certain matters considered relevant in the socio-economic field and on evaluation of the situation of such matters and proposals for improvement. In recent years, the ESC has developed lines of analysis that were begun previously, which reminds us of the above-mentioned characteristic of ESC reports of adopting a medium or long-term approach. For example, a Third Report was approved on the situation of women in the Spanish social and labour sphere and a Report drawn up two years ago on economic governance in the European Union was updated. This European topic, as an experience in creating a supra-national, regional area in the context of a globalised economy, is increasingly occupying the attention of the ESC, together with other reports on matters such as the reform of fishing policy or the partnership agreement and cohesion policy.

Other topics drawing the attention of the ESC relate to inequality and poverty, with a report on the distribution of income in Spain, from the point of view of structural change and the economic cycle.

We should also underline the Report on the working condition of workers above 45 years, as a good example of the specific added value of the ESC documents. It is the

general, crosscutting approach of the reports and its longer perspective than the short term. In the case of the labour situation of those above 45 years, there is a tendency to persistently high unemployment rates, even in times of economic growth, which reveal not only the difficulty to fight this problem but also the existence of causes beyond mere economic difficulties. The ESC analyses these factors, particularly those regarding education shortages of these workers. The ESC also considers the impact of this kind of unemployment in fields such as the social protection systems. Needless to insist on the fact that reaching consensus on these complex issues is not an easy task. One reason behind the ESC having been able to do so is its own tradition to do so, linked to the shared interest of the organisations represented at the ESC for this specific problem.

This type of analysis on specific matters is completed every year with a considerable amount of analysis and assessment of the socio-economic and labour situation in Spain, all of which is included in an Annual Report. The general, horizontal approach adopted in ESC analyses can be more easily appreciated in such Annual Reports because they include in their three main chapters not only the economic scene, the labour market, standard of living and social protection but also aim to find links between these different areas. This results in a vision showing the mutual influences among the different socio-economic topics: that of the economy on employment, but also of employment on the economy, that of the economy on standard of living, and also that of public policies on standard of living, particularly policies in areas such as health care, education, housing or, in general, social protection.

And, in the same way that the Annual Report searches for links between the different areas in this situation, it also interacts with other work by the ESC. Some subjects that have been discussed in specific reports are income distribution or the problems of European governance, and they also appear in the Annual Report contextualised with data and elements that have shaped the socio-economic scenario in a specific year.

## **2.2. International activity by the ESC**

In a study like this one, which summarises the activity of the ESC in order for it to be used as information in a programme for international cooperation, there is one dimension of reports with a clear international projection that should be stressed. We refer to the Reports that the Spanish ESC draws up in collaboration with other Councils in the EuroMediterranean area. Over recent years, the ESC has led Reports in collaboration with ESCs in the EuroMediterranean region on subjects such as youth employment, immigration, the fight against poverty and social exclusion, the role of the social partners in democratic governance, the social economy and entrepreneurship. Apart from the actual content of these reports, they stem from cooperation among Councils in a specific area or supra-national region.

It seems clear that, in a global economy, limitations on the capacity for political action and for economic activity within the exclusive area of States can be reduced by acting in supra-national areas (usually identified by the term 'Region'). These share social and economic elements, facilitating action on this supra-national scale. This overflowing of the economy beyond State frontiers affects the social partners, precisely because they were acting within their national borders. Therefore, experience of work together with the social partners represented in the various ESCs in the EuroMediterranean Region can be seen as good practices for consolidating new formulae for social participation in the global economy.

This overview of the international dimension of the ESC activity in the production of joint reports should be completed by indicating that the ESC has also worked on both a bilateral and multilateral level. The former includes the Cooperation Agreements reached with the ESCs of Algeria, Jordan and Morocco, which have led to activities such as seminars and meetings and the drafting of joint documents. On a multilateral level, cooperation has taken place through the TRESMED Project. This is a European Union project in several editions, all of them run by the Spanish ESC (the fourth and last was in 2013). In recent years, it has focused on the promotion of cooperation experiences in the region based on social dialogue. Here, too, the joint work done by social partners on a supra-national level should be stressed.

Also on a multilateral level were activities with a European scope, such as the annual meetings of Presidents and General Secretaries of the ESCs in the EU, and participation in the activities of the European Economic and Social Committee. The latter have focused particularly on monitoring the Europe 2020 Strategy, the main European activity in the field of employment and growth. And, on a broader international level, the Spanish ESC has participated on the Board of the International Association of Economic and Social Councils and Similar Institutions (AICESIS).

On this international level, participation by the Spanish ESC as an operating partner in the EUROsociAL Project is obviously very relevant. But since this publication contains specific sections on this topic, we shall omit references to it in this summary of the ESC activities. However, the final reflections, which aim to summarise the main lines of action of the ESC that can serve as a guideline for enhancing the operation of Councils, will take into account the experience of the joint work done within the EUROsociAL framework.

### **2.3. Dissemination of the Council activity**

It often happens that, in analyses of Council activity, both internal and on an international level, mention is made of the problems of achieving social visibility for the ESCs. While accepting that it is difficult for institutions such as the ESCs to gain access to the media, it is important to explore possibilities of making the ESCs better known by the

general public and thus enhancing their reputation. For this purpose, it is important to act not only with regard to the more traditional or general media but also in more specific fields for dissemination.

In the case of the Spanish ESC, communication strategies have been used for the Annual Reports on the Spanish socio-economic and labour situation and for reports drawn up at the initiative of the ESCs. In all these cases, the news of approval of the document and of its basic content is passed on to the media in the form of press releases and press conferences held at the ESC offices. A more specialised stage of dissemination then begins which, in the case of the Annual Report, takes the form of a Seminar held at one of the important Summer Universities. Such seminars have two main elements – the first explains the content of the Report in detail to a specialist audience including media representatives, and the second analyses the main topics discussed in the Report with professionals from the academic world so that the ESC criteria can be compared with those of specialists from scientific areas, and also so that the vision of the ESC can be completed with any information and criteria provided by such specialists.

In this task of disseminating the ESC criteria, it often happens that another line of work opens up in cooperation with other Councils in the Autonomous Community level. Particularly when the subjects discussed in the ESC Reports affect certain territorial areas, activities to present such reports are often organised together with an ESC in the Autonomous Community question. This collaboration enriches the work of the different Councils and also helps to make the ESC Reports known on different territorial levels.

Obviously, when applying these information strategies, the ESC has been particularly interested in using the new information technologies and has therefore updated the presentation and content of its web site. This now gives priority to information on activities carried out by the Council and makes it easier to access documentation (opinions, reports, etc.) on such activities with a view to making them more visible. The web site is also used as a method for accessing all the socio-economic information held by the ESC. Since there is a very large amount of such information – including books, articles in journals, documents on other web sites – it is necessary to ensure it is properly organised and easily accessible. So the ESC web site also aims to improve access to socio-economic information in general for citizens who are increasingly using the Internet as a source of information.

## The Economic and Social Councils and the challenges of dealing with the fundamental matters posed by our societies and of improving their capacity for expressing citizens' expectations (EESC of France)

Jean-Paul DELEVOYE,

*President of the Economic, Social and Environmental Council of France*

In the countries where they exist, the Economic and Social Councils (ESC) are defined as the democratic institutions in charge of social and civil dialogue in support of the institutions that are responsible for political life: the government and the parliament. Their role is to advise the latter on the drafting of policies to promote economic development and social cohesion in the country. They thus participate in democratic governance, the definition of democracy being government by the people for the people, representing the driving forces in society and aiming to express the common interest.

The Economic and Social Councils also aspire to a role in modern democratic life, going beyond the classic system of delegation to politicians, by offering an institutional forum for participation by citizens, alongside Parliament and complementing it.

The shared experience of most of the European ESCs has shown that, in order to carry out such a complex task as the promotion of social dialogue, trying to bridge the gaps in society, participating in the process of governmental decision-making and thus contributing to the economic and social development of a country, a number of criteria must be met regarding representation, expertise, independence and institutional inclusion in legislative and regulatory processes.

These four dimensions – representation, expertise, independence and inclusion in legislative and regulatory processes – form a complex group that is not without contradictions. Strict representation in the Council structure does not always allow for all the expertise required, especially scientific expertise. However, a Council made up exclusively of experts would not be representative so would not be in a position to achieve a stable consensus among the driving forces of society. Moreover, while a high level of

involvement of the ESC in political mechanisms would ensure that its policies receive consideration, this would affect its independence and, consequently, its quality as an institution for generating consensus and as a forum for knowledge on society. A good balance between these dimensions therefore allows the ESC as an institution to contribute to creation of a political culture based on democratic values and on social dialogue in countries.

The legal status of the Economic and Social Council is one of the most important sources of its legitimacy and its strength in comparison with other institutions. The legal ranking of the texts instituting the ESCs is key for guaranteeing that the above-mentioned dimensions – independence from the government, representation of social forces and of civil society, and quality of work based on all the useful expertise available in the country – can be relied upon.

Since the Constitution is the highest-ranking source in the legislative hierarchy, the inclusion of the national ESC statute in such a text is of special symbolic value. It affords the greatest possible guarantee of independence and of positioning with regard to other institutions that gives real power. Most ESCs are institutions that have been created by the Constitution which, in many cases, grants them the status of 3<sup>rd</sup> democratic Assembly with, in principle, the monopoly for the organisation and promotion of social dialogue.

The reason why the ESCs hold this eminent place in constitutional systems can partly be found in history. The first ESCs, including the one that I have the honour of chairing, arose between the two world wars when the world, together with the International Labour Organisation, was learning about the tripartite dialogue among workers-employers-State. Since the ILO had its place in the Treaty of the League of Nations, the government bodies for consultation between workers and employers needed to be engraved in the stone of the national Constitutions.

The conflict between capital and labour and the problem of the distribution of wealth lie behind the creation of the ESC as an institution, as shown by the date on which the French Economic Council was created, in 1923. However, since this conflict between capital and labour is no longer the most important division in a society, we note today that representative organisations in what is now called “civil society” constitute a third pole in many ESCs. There is now a wide variety of social groups whose interests deserve to be taken into account such as women, young people, agents of the social economy and NGOs or protectors of the environment.

The fundamental, common functions are still to organise social dialogue and advise government on economic and social, and sometimes, environmental matters. The composition of ESCs makes them stores of knowledge, experience and expertise at the service of the common interest. The ESC helps strengthen social cohesion, going

beyond social divisions, and participates through dialogue among stakeholders in the drafting of an economic and social policy designed to improve the situation of all members of society.

It performs its advisory mission in the long term and in the field of strategy. In fact, its vocation is to propose solutions to the challenges faced by countries while ensuring that the rights of all groups in the society are respected.

In democracy, for any power there must be a counter-power, and for any exercise of power there must be separate control. The Councils, which are entitled to publish their opinions, are also witness to public opinion and thus participate in a balance between public institutions that is now much more complex than the famous triad described by Montesquieu: the independence of the Parliament from the Government is not always achieved, and the control and evaluation exercised by the Judicial power are not always truly independent.

These are the principles and the theory that place the Economic and Social Councils in a very high position within the democratic institutional edifice.

However, one might suspect that the reality is different from this dual indicator: the press refers to the ESCs only occasionally, and many of them complain that they receive little recognition for the quality of their work.

Is this because the very nature of the advisory function is complex so is not of much interest for the media, and also because political decision-makers are unlikely to cite those who inspired them?

After two years chairing one of the oldest institutions of this type, a Council which has, however, shown its capacity for improving by gradually opening up to new missions and components, as shown by the change in its name (Economic Council, then Economic and Social Council and now Economic, Social and Environmental Council), I have noted that the usefulness of the French ESEC is still unclear for most of my fellow citizens. It enjoys little prestige or credibility.

Instead of blaming others for this – ungrateful governments and parliament, the press that is only interested in events for the general public – I have asked myself about the reasons for this lack of recognition and about how we can correct it. Since we are financed from such limited public funds that large swathes of the public services have been weakened, I am convinced that we have to prove our usefulness ourselves.

In my opinion, the Economic Councils need to reply to two questions. Do they provide quality advice on the complex problems faced by our societies to which our political

leaders are unable to find solutions? Do their methods of functioning guarantee sufficiently broad representation of all the expectations of society and, in particular, are their methods sufficiently flexible to be able to consider the new forms of expression that have arisen out of the digital revolution?

## **1. Do the Economic and Social Councils deal with the most important problems faced by our societies?**

Our society is living in a paradoxical situation. The citizens feel irritated, and politics is discredited even though political decisions have never been so important for our future.

This is a terrible challenge for all of us, because we are often afraid to ask the right questions in case the answers undermine our comfortable habits and our fixed ways of thinking. We should ask: "Does urgency destroy vision? How can we reconcile the pain of change in the medium term with the necessary vision for the future? Can we adapt our procedures to the challenges of reactivity, employment and evolution? How can we guarantee protection and stability at work, when there are increasingly great changes taking place?"

Edgar Morin was concerned about the impotence of our political systems in the face of these dilemmas. "By so frequently sacrificing what is essential for what is urgent, we end up forgetting the urgency of what is essential". Today's politicians only worry about what is urgent and not what is essential. They work more on defending the system and managing their electoral constraints than on adapting the system.

In a recent report entitled "Towards a positive economy", the economist and writer Jacques Attali complained that political institutions do not allow for such matters to be discussed because they cannot deal with the long term. He suggested that the French ESEC should redefine its mission and reflect on the long term.

In my opinion, there are three political subjects that predominate today in all democracies, three subjects on which the Economic and Social Councils should be working. Are they working hard enough?

### **The deterioration of inter-generational relations and increasing inequality**

The ageing of the population in Europe entails generational risks. The changing perception of taxation illustrates a worrying change in inter-generational relations. Taxation, as a tool for citizenship, no longer has any sense. Those who pay taxes consider they are unfairly losing purchasing power rather than financing a policy that is in the common interest, while those who receive public aid no longer perceive the solidarity



from which they benefit. We now see a generational conflict in which young people are no longer happy to pay for the pensions of the elderly, or their debts, while the elderly do not want to contribute to the integration of young people.

We live in times marked by austerity. To what extent will people accept increasing inequality? Up to 1982-83, before the liberalisation of financial products, the distribution of growth was relatively even. Everyone felt involved in the construction of society. Since 1983, the lowest deciles have been losing purchasing power, while the highest deciles have been increasing their income. Our society feeds inequality, concealing it behind a discourse of equality. How can we ask those that we exclude to feel they are citizens at the service of a collective project? In his works, Gilles Kepel notes that the administrations towards which young people in the suburbs feel the greatest rejection are the police and schools. Today, work as a tool for socialisation is no longer accessible for all. We see a reduction in growth and an increase in burdens and, consequently, an increase in poverty. What does society feel about poverty and intangible goods?

Society faces great risks of splitting up. The value of living together, a notion that is at the heart of the democratic system, has disappeared, causes that go beyond personal interests are in decline and interest in the common good is vanishing. Since people are no longer capable of growing attached to a specific cause, they become divided in the defence of their own personal interests. There is a loss of legitimacy in the main causes of shared interest to the benefit of greater legitimacy of the defence of conflicting interests.

### **The location of resources in territories**

Globalisation has completely redefined the international division of labour and has contributed to territorial breakdown. The legitimacy of the power that organised relations of complementarity among enterprises, taxation and social funding is breaking up because of the pre-eminence of international networks. In parallel, the more frontiers disappear because of freedom of circulation, the more they are rebuilt on the basis of nationalism or identity, in reaction to the weakening of classic proximity networks. At a time when regulatory tools are needed, those that exist become weak but are not replaced.

### **Building up a sense of living together in heterogeneous societies**

Bringing people together when they are increasingly heterogeneous for reasons of place of origin, status and culture is an important challenge for societies today.

The values that formed the basis of the Republic and united the French people (freedom, equality, fraternity) are now only claimed by those that have a full stomach. Those who just survive on a day-to-day basis prefer to meet their basic needs rather than

adhering to values and collective action. How can we help people live together and join in collective efforts at a time when citizens are suffering? In a society marked by austerity and increasing inequality, those who follow their individual or collective hopes do not see themselves reflected in politicians who are often more worried about gaining power than about building a society.

Cultural diversity is not easy to accept. But, for its economy to function, Europe will need fifty million more people by 2050. We often observe that social diversity is failing outright, with failures adding up in a single territory. Situations of economic, social, school and employment failure exist side-by-side in the same districts. Our collective systems are living in a conflict between the legitimacy of decision-makers (who claim their legitimacy through elections) and the legitimacy of protest (claimed by those who suffer from the results of decisions). Individual morals are declining and legislative inflation aims to replace collective morals by laws. Even in the most efficient democratic systems, politics have come face-to-face with a form of impotence.

How can we learn to live with less growth? How can we move from a results-based society to a society based on personal development with less money? We shall have to move from a model of social cohesion that stems from the post-war period and is based on a collective system of solidarity, to a model of social vitality. This model is based on proximity networks and on assisting people overcome the difficulties they face. Proximity creates other forms of legitimacy for decisions and for the methods of democratic functioning.

We also have to consider the link with what is local. The Rio Summit recommended, "Think global, act local". But I consider that thinking local also allows us to act global, and that there are often outstanding initiatives in the field. We should take a look at what is happening in the continents that we describe as 'developing', such as Africa. They are undergoing a technological revolution, imagining solidarity-based forms of proximity and new economic models from which we should take inspiration to bring them into our culture. Our so-called superiority often leads us to believe there is no need to look at what is going on elsewhere.

Our democratic societies feel great needs for change and for behaviour that allow us to question the notion of progress. We need to restore a society in which people live together. It is easier today to adopt a position of rejection than to build up constructive responsibility. How can we ensure that, with a new mentality, each person will be in control of his or her own destiny and will not suffer on a day-to-day basis?

At a recent meeting, I was asked, "Do you know the difference between a wise man and an intelligent man? The intelligent man knows how to resolve the problem that the wise man knew how to avoid."

I am convinced that the ESCs can help prevent the problems of the future from becoming inextricable and unresolvable by placing debates, from now on, at the level of the challenges. They can help establish sustainable solutions while society spontaneously only sees the short term. They can help the political decision-makers to prepare the necessary reforms better and to accept the challenges of those implementing the reform and citizens. Unfortunately, the time needed for taking challenges on board often enters into conflict with the short time frame needed by political decision-makers today. Farmers do not sow the seed of their convictions in ground that has not first been ploughed. Opinions need to be prepared and the ESC can help ensure that fertile opinions bring in the best possible harvest. Their efficiency will increase in line with the time devoted to preparing the key challenges.

But the mandate of the ESCs must not be restrictive, with its work limited to certain topics avoiding inter-sector and international analysis. However strange it might seem in our globalised world, this is the situation for some ESCs. Fortunately, it is not the case for the ESEC, where the 12 sections and delegations cover broad fields, including evaluation and prospecting, and one of them also covers European and international aspects.

I am convinced that the ESCs can offer reforms that reconcile economic competitiveness with compliance with the national republican and social pact and environmental protection. They can lead the debate to the field of values: work, respect, ethics and morals. They can return it to what has perhaps been forgotten or neglected over recent years, that is, respect for man and for human dignity. They can be agents for collective lucidity, frankness and courage, keeping emotions at a distance.

Lucidity is necessary for identifying what is essential and for dispersing mirages.

Frankness is necessary to not betray the truth of the time nor the difficulties along the path.

Courage is necessary to reject facility.

Our democracies are built on values and convictions, and can come crashing down under the dictatorship of emotions. For example, the emotions raised by GMO and nanotechnologies should not conceal the debate on food independence and research. The emotions raised by nuclear power should not conceal the debate on energy independence. The emotions raised by the financial crisis should not conceal the debate on new growth models, new sources of employment, the distribution of capital and labour.

The emotions raised by populist or extremist expressions should not conceal the debate on republican, religious, national values, because a society with no values can have no future.

We should remember the terrible statement by a philosopher, "How can we help our politicians that consider it essential to deal with what is urgent when dealing with what is essential is what is urgent today?" We need to make a distinction between what is urgent and what is essential, because we are fortunate in that we can step aside from fast-moving time and offer ourselves this choice.

## **2. Do the operating methods of the Economic and Social Councils allow for a sufficiently broad representation of all democratic expressions in civil society? In particular, are their methods sufficiently diverse to be able to take into account the new forms of expression that are arising out of the digital revolution?**

How to manage change is not clear. Who would be driving this change? Who has the necessary legitimacy to manage it? Many questions still need to be answered and challenges faced by the Economic and Social Councils.

Our democracies are going through a crisis of representation. We should pay attention to what Pierre Ronsanvallon has said so often, "The legitimacy of elections feeds the legitimacy of protests unless it is based on acceptance of legitimacy". We should be aware of the tension created within society, from which the Economic and Social Councils are not exempt. What is their legitimacy today? Is it sufficient to bear a lucid, frank and courageous message?

In a society that it not so much in crisis as undergoing a metamorphosis, trust in those that are assisting in the change is determinant. Are the trade unions, employers' organisations and associations that belong to the ESCs still legitimate for expressing themselves on behalf of people who stay away from the polling stations to elect the intermediate bodies? Are they not facing the risk today of being perceived above all as representatives of sectional interests that benefit from institutional income, that is, their participation in many institutions, including the ESCs?

If we have this doubt about the legitimacy of their members, what can we do to help the Councils, which present themselves as catalysts for reflection in the long term and on the most essential matters, stimulate the intelligence and lucidity of the whole social body, opening up debates that aim to question the system of representation on which they themselves were founded? This is one of the challenges facing the Economic and Social Councils, that of the credibility of the questions they must ask themselves.

But society today needs hope, which it cannot find in the current democratic mechanisms. Collective hopes have disappeared. When there is no collective hope, it is easy

to manipulate fears and humiliation. Democracy becomes tainted by those who, rather than reconstructing collective, individual hopes, calculate how they can conquer power by manipulating fears and humiliation.

How can we ensure that democracy becomes once again what it should never have stopped being, that is, a system in which I can trust to set up a society in which I feel I am a participant? Citizens' trust in politicians has diminished, undoubtedly because citizens do not feel represented by them. Do the citizens who stay away from the ballot-boxes reject the Republic or are they exploring other possibilities to make their voices heard? Where do the ESCs fit in this context?

The digital society has plenty to say on this. Computers and Smartphones have completely changed society. The digital world is revolutionising relations with others, relations with space and relations with time. How does the system react? As its power weakens, it tries to hold out. The appearance of collaborative economies on the level of associations – such as barter or sharing – amounts to a challenge for power, which can no longer receive social security contributions or taxes on such activities. So it tries to invent others. But the collaborative economy could bring much-needed proximity of a social nature. What is it that society creates? What goes against the interests of the system? Should the system adapt to society or vice versa?

In this context, spontaneous movements arise that aim above all to bypass the organisations that are considered legitimate for representing collective interests and, because of their legitimacy, reject the fact that they can be bypassed. New mechanisms for collective expression arise that explore that multitude of possibilities of the digital world. With the Arab spring, we saw for the first time spontaneous uprisings with no leader, no slogans and no organisation, that just came together with the aim of overturning the power. In other places, such spontaneous mobilisation can be illustrated by different movements: Pirata, in Germany, 99% in the United States and the Indignados in Spain and in other European countries. This hotbed of activity leads us to think that the established democratic order is being shaken by new expressions that have not yet found the best way to organise themselves.

These changes feed the debate on legitimacy. Legitimacy, as understood in our democracies, is based on the exercise of power and, therefore, on compliance with the law. But citizens no longer believe in this legitimacy and even reject it. They call for the force of law and take over the law by force. The democratic systems that no longer respond to civil movements are feeding forces that threaten to destroy them and, with them, the principle of democracy.

## **Can the Economic and Social Councils participate in the resilience of western democracies?**

I believe they can, providing they move with the times themselves.

The notion of the resilience of society describes societies that endeavour to reconstruct a collective society after a natural or human catastrophe. It questions the western world, requiring it to reflect on a democratic society that has been weakened by liberal globalisation. In our western societies, economic performance used to sustain the legitimacy of political decision-makers, who distributed the fruits of growth without worrying about sustainability, concerned only to feed their electoral clientele even if it went against the common interest.

There is a pressing need for the values of democracy to reappear. But those who consider themselves members of a democratic society often do not understand it, and the crisis stirs up a questioning of political thinking. In order to help people live together, we need a project with vision and something to anticipate. But when society needs a vision for the future, our democratic systems turn to the short term and to a system of reaction and emotion. The stability of democracies should be based on the concrete foundations of convictions and not on the sand of emotions. Parliamentary democracy was created to avoid cacophony among the people or dictatorship. Its vocation was to hold back time. Today, all the electoral systems are speeding up time and placing parliamentary democracy at risk. In politics, in the absence of a capacity for dialogue between the minority and the majority, the growing conflict becomes increasingly complex and unwieldy and ends up in expressions of varying degrees of violence.

Our societies are becoming radicalised. This may be an unfortunate expression, but it suits humanity when it becomes both global and disoriented, after losing faith in its elites. This radicalness affects the world of politics, trade unions and society in general.

We need to build a new social contract to guarantee individual benefits for workers and collective benefits for society. Dialogue is the means for passing from a community of conflicts to a community of interests and commitments. Dialogue is fed by hope, respect, dynamics. It destroys itself if antagonism is not overcome. Our society needs to be calmed down in its day-to-day existence and to be mobilised for the future.

Are the ESCs the natural areas for dialogue in which a new social contract can be devised? Personally, I doubt it, but I believe that if they were to change, this could be possible.

Above all we have to consider the matter of the prominent place given in their composition to trade union and employers' organisations. Do these meet the expectations of citizens for illustrating and building a future in which each one can occupy its place

instead of defending sectional interests? Entrepreneurs, in particular, enjoy great credibility because the discrediting of the political message gives credibility to the winner, to whoever gets the best quantifiable results. But another of their responsibilities is to understand that success cannot be achieved by crushing the workers or their territorial environment. It must go together with participation by all. Regarding associations, how can we prevent them from becoming, within the ESCs, corporations that defend interests that may be generous but are not in the common interest because they prevent access by younger civil organisations that are close to the matters that citizens care about.

Returning to the path of collective hope while reconciling economic performance and social results will depend on the quality of those involved and, in relation to the ESCs, requires an answer to the question on their capacity for understanding the aspirations of society, opening up to debates with their spokespersons when such figures are not to be found among their members and, more generally, improving their operating methods.

In the debate on what is urgent and essential, the Economic and Social Councils have to play a real role because they have a vocation to anticipate and identify the common interest. It is therefore essential for them to open up, ensuring that their composition reflects the whole of civil society. For those that have not yet taken this step, it is important for the main categories of associations, which include the most representative ones, to belong to the ESCs. The strength of associations stems from their vocation to defend causes and to group around such causes. The history of progress in human rights was built on the fight against slavery, against racism and anti-semitism, the feminist movements, the "French Doctors", ecological movements, etc., which generally received no institutional support at all.

**Can the ESCs be organised in such a way that important fights to achieve progress for humanity find within them a useful echo and an opportunity to alert the political authorities at the right time?**

As President of the ESEC of France, this was my ambition from the start though I ran the risk of not being understood by those who consider their position within this institution to be an advantage they can never lose. The ESEC has a broad range of representatives of associations, including young people and students. Because of the highly-qualified members from a wide range of areas, in particular, scientists, there is a flow of knowledge and experience that does not exist in other sectors. Such figures provide valuable knowledge for the Council, strengthening the impartiality and objectivity of its work. They also facilitate debates when these are based on sound studies that help achieve a consensus so that proposals can be made.

In fact, the method for the ESEC meetings, like that of most similar bodies, is to seek consensus by drafting, and gradually perfecting, agreements based on facts. The

intention is to always go beyond the classic dichotomy between majority and minority as, in terms of feelings, this leads to victory for some and defeat for others. The corollary to legitimacy for the majority is that the minority should be supported by the accuracy of its analysis to contest the majority. Most ESCs have been able, over the years, to establish working mechanisms in which, when there is a majority, it is contained so that the minorities are always taken into account.

Finally, a working methodology that gives access to a broad range of knowledge, combining that of the representatives of workers and employers' organisations with that of the most representative associations and of outstanding personalities alongside a structure of themed standing committees assisted by specialised civil servants and experts in the respective fields guarantees that ESCs can be recognised as the "long-term chamber" in the democratic institutions of our countries.

But experience has shown that this is not sufficient. The answers to the questionnaire sent by the ESEC to its European counterparts in May 2014 in preparation for the Annual Conference of Presidents and General Secretaries of ESCs, which was held this year in November, mostly indicated that governments and parliaments do not pay much attention to the ESC reports.

In view of this, which is also true of France where successive governments are constantly creating new specialist consultative bodies, when I was appointed I proposed that the ESEC should open up more to civil society and its great diversity. Now, every year, we receive about twenty to thirty associations bringing a wide range of messages of general interest for organising events, in which I try to ensure that representatives of the ESEC always participate, including myself. We strongly encourage Council members to make proposals to host such events, and this is now being done by an increasing number of them. Since the ESEC enjoys great autonomy in its reports, this opening-up to the world of associations leads to a number of reports drafted at our own initiative as a result of the meetings held and hosted.

In addition, the change in the Constitution of 2010 which reconsidered the functions of the ESEC now allows it to accept petitions from citizens. Our institution, which has thus gained in visibility, now has a tool that places it potentially in direct contact with the aspirations of our fellow citizens. So far, only one request has come with the necessary number of signatures but, unfortunately, it had to be rejected because it proved to be a late attempt to turn over a law that the Parliament had been discussing for many months and was about to approve. In democracy, anything new requires time before it can function normally. I trust that in the future the citizens' petition will become a means for redefining the place of the ESEC within the French democratic system.

Finally, since the ESEC is aware that the Internet has revolutionised methods of communication in our societies, it has not only created a website, to which a Twitter account has



been added, but has also started to host on-line “platforms for collaboration” to expand its work. The first was created in October 2013 with the aim of finding out about and highlighting educational actions to protect the environment and foster development. The second, set up in April 2014, referred to assistance for the disabled.

These are the projects we are exploring in France. We mention them here only to illustrate the way in which new relations can be established among our institutions and a civil society that is increasingly keen to participate in decision-making processes, but not through the classic operating methods of democracy. Other Councils, such as the ESEC, are searching for such connections. This is a complex matter that requires creativity and patience. The resilience of our democracies has partially reached the end of this process. In fact, one of the protest movements against the European institutions that has arisen in recent years in Germany is called “Mehr Demokratie” (More democracy).

In conclusion, I would like to insist on the importance of the freedom of thought that our institutional position allows us. As “Councils”, we are neither places for decision-making nor places to hold power. If we wish, we can move away from small-minded role-playing in political sectarianism, unlike other constitutional assemblies. Our role is not to be liked or disliked, nor to lean one way or another, but to assist political leaders as they explore new possibilities and try to stress firm convergences without ignoring points of disagreement or excluding any debate, however difficult it may be. We look towards the long term and try to convince the various economic, social, environmental and cultural partners that make up our societies that no reform should be undertaken without studies of its impact on the different variables in the short, medium and long term, nor without a very free reflection on these, using every credible source of inspiration. The feeling of urgency should never damage the future.

We have to set an example and show that democracy can regenerate itself, by adopting transparent, open operating methods and showing concern to be answerable to our peoples. Carrying out this collective work of reflection and advice, while setting aside our own priorities and prejudices, is neither a renouncement nor an excessive tribute to be paid to democracy but a responsibility.



## Social and civil dialogue at a time of national and European crisis (ESC of Greece)

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### Introduction

Social dialogue, at a time of economic crisis and social tension, is more necessary than ever because it can create an environment that will help resolve problems by finding a common denominator among contradictory opinions and conflicting interests, to the benefit of all the stakeholders.

This was the challenge faced by the Economic and Social Council of Greece in the previous period when our country was in the midst of a serious crisis. We have tried to reach consensus and to build areas of understanding with the aim of achieving social cohesion and drawing up a new model of development to resolve the distortions of the past, being based on the human factor and the main assets of our country and bringing prosperity for all.

Everyone knows that over recent years the Greek economy has been marked by a serious financial crisis and far-reaching structural destruction of large production sectors that have led to unprecedented levels of unemployment in our country. The measures imposed by the Memorandum austerity plans have not managed to turn round this collapse of our economy that is still going through a serious recession, unheard of in times of peace. There will be an inevitable impact on unemployment and the standard of living of much of Greek society.

Since its creation, the Economic and Social Council of Greece has been closely following developments in the Greek economy and the labour market. Back in 2008, when the National Reform Programme was being discussed, we stressed the risk that our country's financial figures could collapse. The reasons behind the Greek crisis are far-reaching. They stem from structures and an economic model that are unsustainable in the long term and from inefficient functioning of the State.

Being aware of the seriousness of the situation, in early 2009 we proposed a national Agreement on the subject of social development among all the social partners that belonged to our ESC (OKE). Our objective was to establish a platform for exchange and expression for the social partners leading to a national Agreement on social development that would create a link among all the main sectors of our country's economic and social life.

I maintain that, if our proposal had been accepted back then by the representatives of the political and economic circles in Greece, the crisis would not have been what it is today and we would have avoided the huge costs being paid by our country on an economic and social level. Undoubtedly, today's crisis in our country is unprecedented, and the reasons for it are longstanding ones. Turning around the trends and negative characteristics of the Greek economy will therefore take time. Moreover, such a far-reaching crisis requires far-reaching changes to give rise to a new competitive economy that will guarantee sustainable growth, create jobs, and promote social cohesion by means of democratic governance structures so that the country can look towards the future with confidence.

Unfortunately, over recent years during application of the Memorandum and the brutal financial adjustment of the country, we have seen the adoption of a new institutional framework in which the only criterion for making Greek enterprises more competitive is internal devaluation, a radical change in institutional procedures for social dialogue and total overturning of labour relations.

In spite of these adverse conditions, since the ESC (OKE) recognised that the greatest possible social consensus and far-reaching political agreements are absolutely essential and cannot be delayed or put off any longer, in 2012 it returned to this subject and proposed a central debate to discuss the social and economic reconstruction of the country. It invited the social partners to work together on drawing up a reliable growth model that could be implemented fast over the coming decade. Its key features were to be sustainable development, environmental protection, consolidation of the financial system and its contribution to investments in production, to the knowledge economy, productivity, an outward approach, competitiveness, employment and social cohesion.

Our country has to adopt specific, long-term growth targets, focusing on its assets and righting its structural problems. Agricultural production, tourism, energy, any sectors with a high potential for innovation, maritime navigation could all be potential driving forces for revitalisation and for job creation.

In parallel, and this is what is most important, financial stability must go together with social cohesion. The financial problems that have come from the economic recession have brought with them a sharp rise in poverty and have destabilised social cohesion.

Wage cuts and the dramatic increase in unemployment have led to marginalisation of certain vulnerable population groups, such as young people, the elderly, unskilled workers and immigrants.

In spite of the considerable efforts we have made to highlight the importance of social dialogue, unfortunately we have not managed to stop it from dwindling. On the contrary, I believe the statement made at the end of the European Commission report in April 2013 is still true, *“Social dialogue is particularly weak in the countries that are covered by the Memorandum, especially Greece”*.

The implementation of various austerity plans has not gone together with a well-structured social dialogue with the social partners, whose role should have been strengthened. This would have led to consensus-based agreements and would have helped civil society to understand and accept the necessary reforms. But there has been nothing of the sort. Far from being taken as an opportunity to at last set new rules to adapt in a balanced way to new circumstances, the crisis in the real economy and in public borrowing has served to impose brutal rules that have just created problems for the economy and for society, and has even eliminated acquired labour rights and weakened the legislative framework for collective agreements. Regarding, in particular, the institutional changes in working relations, these have taken place without substantial social dialogue while ignoring the points of convergence expressed by the social partners.

In addition to the contempt for social dialogue, there have been serious difficulties for the Greek ESC (OKE), which is the main institution for social dialogue in our country, as stated by our Constitution. It should be no secret that, in spite of our constant presence, on innumerable occasions the government has not even sent us bills of law for our opinion, even though this is required by law. Moreover, the most crucial legal reforms are submitted to the Greek parliament under a fast-track procedure in line with the guidelines in the various Memoranda. This leaves hardly any time for public consultation, or dialogue with and among the social partners and with members of parliament.

In this unfavourable climate and with a gradual reduction in our resources which forces us to work to the limits of our possibilities, we are continuing with our efforts and often issue own-initiative opinions on bills of law that have not even been sent to us. Over the past year, the ESC (OKE) has issued a total of 15 opinions. Of them, 8 concerned bills of law sent to us by the appropriate ministries, 5 were own-initiative opinions and 3 were own-initiative opinions on bills of law that were not sent to us. Amongst others, the ESC (OKE) has issued opinions on “Establishing a growth climate favouring strategic and private investment and other provisions” (Opinion 283) and on the bill of law concerning “Real estate tax and other provisions” (Opinion 295) which led to outcry among all the production forces in Greece. We are currently finalising our opinion on the “Anti-racism bill” which is seriously disturbing for Greek society. In addition, on

its own initiative, the Greek ESC (OKE) has issued an opinion on two bills of law on tax reform that were not sent to it (Opinion 282 and 289) and on a bill of law on the reform of product supply and the provision of services (Opinion 290). There have also been two extremely important own-initiative opinions: Opinion 287 on national collective labour agreements and collective agreements as factors for social cohesion, and Opinion 292 on the "Drafting of a framework for the utilisation of water resources" regarding the programmed privatisation of water and sanitation services in Athens and Thessaloniki.

Apart from these opinions, during this same period we have also drawn up and submitted to the Ministry of Labour a study with global proposals regarding the fight against unemployment, especially youth unemployment.

The Greek ESC (OKE) places special importance on the regional dimension of social dialogue. It has stressed repeatedly the need to set up local and regional consultation committees. These were provided for in 2010 by the law on revitalisation of local administration but have still not been put into practice.

Similarly, the Greek ESC (OKE) has proposed to launch, at its own initiative, social dialogue both horizontal (regional or local) and vertical (by sector), with participation by all the production forces to achieve agreement on actions to promote employment and to create added value for enterprises.

This regional and local dialogue could lead to social agreements on economic development at the level of individual regions and, consequently, at national level because it would allow for the specific advantages of the different regions to be taken up. Achieving this in the medium term would lead to balanced regional development and eventually sustainable growth of the Greek economy based on social cohesion and participation by all.

Regarding social dialogue in the different sectors as a targeted procedure that would have measurable results, this would strengthen production, productivity and competitiveness and would thus raise exports and supply. Among the measurable results would be expansion of knowledge, the utilisation of technological progress, the acquisition of know-how and training for human resources. These in turn would help improve economic dimensions, sustaining entrepreneurship and employment.

To close this description of recent developments in the field of social dialogue in Greece and the activities of the Greek ESC (OKE), I would like to insist that the policy of internal devaluation imposed since 2010 has not proved successful. It has had hardly any effect on the competitiveness of the Greek economy. The shutdown of thousands of enterprises, relocation abroad by large enterprises, the collapse of insurance funds, the skyrocketing of unemployment, the reduction in private consumption stemming

from the rapid drop in wages, and the drastic reduction in investment and public expenditure have plunged the Greek economy into a deep slump. The position of the ESC (OKE) is that, in order to face the crisis and the serious problems it has brought for the economy and for society, it is necessary to strengthen social dialogue rather than undermine it.

Immediate reversal is required in the economic and social evaluation of the situation and in the method in which it can be dealt with. Social cohesion, social dialogue and social agreements and the utilisation of methods of consensus among the social partners should be at the heart of policies to re-structure the economy, growth and social wellbeing.





# Ireland: the Evolving Role and Work of the National Economic and Social Council

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## 1. Introduction

The role and nature of Ireland's economic and social council (ESC) has changed significantly over the past four decades and continues to evolve. This chapter describes and discusses this evolution and suggests that it may be of relevance to the wider themes addressed in this volume.

Section 2 identifies four dimensions on which economic and social councils differ: their composition, relationship to government, the focus and conduct of their work and the nature and goal of discussion. It identifies where Ireland's National Economic and Social Council (NESC) is positioned on each of these dimensions. Section 3 describes the evolution of social dialogue and NESC's role from the 1960s to the present. The characteristics, strengths and weaknesses of the Council's work, and Ireland's system of civil dialogue and social partnership, in those decades are relevant in thinking about how ESCs relate to the policy and governmental processes. Since this included a widening of the Council and social dialogue beyond trade unions and employers to include social NGOs, the Irish experience throws light on this important issue. The final section reflects on the evolving role of NESC, identifying elements of continuity, change and a degree of uncertainty about the way in which the Council will be engaged by the policy system in the years ahead.

Consideration of the Irish case suggests three main propositions that may be of some wider interest. First, the role of an ESC reflects national development challenges and is often shaped, and re-shaped, by crises in national strategy and politics. This is largely because government perception of its need for engagement of civil society organisations is a key factor shaping the influence of economic and social councils. Second, the institutional design and organisation of an ESC has a significant bearing on its work

and its influence in the overall economic, policy and labour relations process. Third, the traditional forms of 'representation' and participation found in ESCs face significant challenges as problems become more complex and as the organisation of the state, civil society and business change.

## **2. Four Dimensions on Which Economic and Social Councils Differ**

We can identify at least four dimensions on which ESCs and similar bodies differ:

- i) The composition of the Council: whether the membership consists primarily of employers and unions, or also includes social and environmental NGOs and other groups. Historically, most governments have been more inclined to share their authority over labour market issues with unions and employers than to bring social NGOs deeply into the policy process. The main size issue is whether the council is small enough to engage in genuine deliberation (or works in groups that are small enough to achieve it);
- ii) Relationship to government: whether the ESC is largely independent, being funded and chaired by non-government actors (as in the Netherlands), or funded, chaired and directed by government. Both kinds of council can play an influential role. But the difference can be significant given that government's attitude to engagement with the social partners largely determines the influence of a council;
- iii) Focus and conduct of work: One issue, related to composition, is the degree of focus on labour market issues. Councils also differ on the degree to which they work on medium-term or immediate issues and, indeed, legislative proposals going through the parliamentary process. Many councils rely on working groups, while in others the plenary is the main locus of work. A further aspect is the conduct of analysis: many ESCs have a strong in-house technical secretariat, while others rely on the policy ideas coming from the members and social partner organisations;
- iv) Nature and goal of discussion: In some contexts, councils have a mainly consultative role, reporting to each other and to government the diverse opinions of the various economic and social groupings. In others, there is more intensive deliberation and the goal is to formulate agreed opinions and reports to government. This can involve the deliberative formation of a shared understanding of the challenges facing the economy and society.

Depending on where a council is situated on these four dimensions, it can play a very different role in the domestic policy system. And its role can change quite significantly, as has happened in Ireland.

Ireland's council, NESC, occupies the following position on each of the four dimensions identified above:

- i) **Broad composition:** The membership of NESC initially included trade unions, employers, agricultural organisations, government departments and independent experts. In the mid-1990s it was widened to include social NGOs and in 2011 an environmental pillar was added. It now has 33 members: a chair, deputy chair, four members from each of the five pillars (employers, trade unions, agricultural organisations, community and voluntary pillar, and environmental pillar), four representatives of government departments (finance, industry, education and environment), and 8 independent experts (mostly academics with expertise in economics, sociology, geography and related disciplines). The members of the Council are appointed by the prime minister for a three year term;
- ii) **Relatively close to Government:** the Council is chaired by the most senior civil servant in the prime minister's department and is funded from that department's budget. The reports of the Council must be noted by cabinet before being published, but Government does not have a formal duty to respond. NESC's position close to the centre of government shapes its role, but this varies, depending on the wider policy and political context. When government seeks to engage the social partners in a reform agenda, NESC is plugged in to the centre of the policy process;
- iii) **Focus on strategic issues approached through analysis:** NESC's work is mainly on strategic issues of economic and social development and its contribution is often of an analytical kind. It does not have a role in providing opinions on draft legislation or day-to-day government decisions. It meets once a month and conducts most of its work in plenary rather than in working groups. Most of the analysis is prepared by the small Secretariat, made up of economists and social policy analysts. In 2011 government asked it to add sustainable environmental development to its traditional economic and social focus;
- iv) **Strategic dialogue aimed at consensus:** Through most of its 40 year history, the goal of the analysis and discussion in NESC has been to find agreement and the Council has never taken a vote. As noted below, the depth, nature and status of such consensus evolved considerably over the decades. This reflected both the approach to analysis and dialogue within the Council and governments' changing orientation towards formal agreements with the social partners.

### **3. The Evolution of Social Dialogue and NESC's Role**

Four broad phases in the history of Irish social dialogue and the role of NESC can be identified:

- From 1960 to 1987: the creation of social dialogue and the struggle to achieve a disciplined system of industrial relations and sustainable public finances;
- From 1987 to 2008: a period in which social partnership was central to government strategy and national development; and

- From 2009 to 2012: a period of severe fiscal, banking and economic crisis in which social dialogue played little if any role in the overall policy process;
- From 2013 to the present: a gradual re-opening of policy possibilities and NESC participation in exploration of post-crisis policy and reform options.

These four phases can be understood by reference to the historic challenge of the development of a small, post-colonial, largely agricultural economy on the periphery of Europe.

### **1960 to 1987: The Quest for an Effective System of Wage Setting and Public Finances**

Ireland, which achieved independence from Britain in 1922, inherited its voluntarist and adversarial system of industrial relations. After several decades of economic protection, Ireland changed strategy in the 1960s, aiming to achieve industrialisation through an open economy and investment in education. In 1963, it established the National Industrial Economic Council, to provide a forum in which employers, unions and government could discuss the challenges of moving from protection to free trade. In 1973, this was replaced by NESC. Its role was to advise the prime minister on strategic issues of economic and social development. In its early years, it was one of the few bodies undertaking strategic, long-term, analysis of Ireland's position and problems.

Ireland's progress in the 1960s, 1970s, and 1980s was accompanied by high levels of industrial conflict and wage inflation and an increasing tendency to fiscal deficits. Employers, unions and government sought to stabilise industrial relations through establishment of centralised bargaining or wage norms. Much of NESC's work was aimed at providing information and dialogue to support this. These efforts were undermined by the macroeconomic context, particularly the high-inflation currency link with sterling, and prevailing attitudes and behaviour. Employers, unions and successive governments were operating on the basis of divergent understandings of the key economic and social key mechanism and problems—including inflation, employment, wage setting, competitiveness, public finance and inequality. This gave rise to recurring economic crises and from 1979 to 1986 a succession of governments failed to find an escape from a vicious cycle of stagnation, rising taxes and increasing debt.

### **1987-2008: Social Partnership, a Consistent Policy Framework and Strong Growth**

The role and prominence of the Council changed considerably in the late 1980s. In 1986 the Council agreed an analysis which set out the need for both tough fiscal correction and enhanced action on the constraints on Irish economic development<sup>1</sup>. This

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1. NESC, *A Strategy for Development 1986-1990*, (1986).

provided a basis on which government and the social partners negotiated the first comprehensive social partnership agreement in 1987. This facilitated fiscal correction and delivered the kind of wage discipline that had eluded the actors in earlier decades. The pact played a significant role in Ireland's recovery; as a result, it was to be the first of eight three-year pacts that ran from 1987 to 2008. The content of these agreements widened beyond wages to include a range of economic and social policies. Each three-year cycle began with discussion in NESC of the economic and social situation, leading to the agreement of a NESC 'Strategy report'. That report was the key input to negotiations between government and the partners, conducted in the prime minister's department. Once a three-year pact was agreed, and ratified within each of the pillars, its implementation was monitored by a range of partnership committees.

In the international literature on political economy Ireland's adoption, continuation and institutionalisation of social pacts was a focus of much interest. Given its history, politics and industrial relations system, Ireland was seen as unlikely to achieve economic concertation involving government, unions and employers with centralised wage bargaining and a high level joint problem solving. In these analyses, the relative significance of various factors was much debated—including external economic constraints, such as qualification for the euro, the strength or weakness of government and the structure of the trade union movement and its role at enterprise level.<sup>2</sup>

The Council itself reflected on the challenge of maintaining a consistent policy approach, the nature of the emerging partnership system and its own role. It identified a link between the formulation of an agreed analytical understanding of economic and social problems, the implementation of a consensual approach to distributional issues and the ability of government to adopt a strategic approach as opposed to a short-term perspective<sup>3</sup>. It emphasised that the partnership approach 'is heavily dependent on a shared understanding of the key mechanism and relationships in any given policy area' and 'is characterised by a problem solving approach designed to produce consensus, in which various interests address joint problems'<sup>4</sup>. This focus on the role of institutional arrangements that support deliberation was taken up in subsequent comparative studies of Ireland's partnership system and social pacts<sup>5</sup>, and contested by analysts more committed to bargaining and power as explanatory variables<sup>6</sup>.

2. Avdagic, S., Rhodes, M. & Visser, J., *Social Pacts in Europe: Emergence, Evolution, and Institutionalization*, (2011).

3. NESC, *Ireland in the European Community: Performance, Prospects and Strategy*, (1989); NESC, *A Strategy for the Nineties: Economic Stability and Structural Change*, (1990).

4. NESC, *Strategy into the 21st Century*, (1996), pp266.

5. Regan, A., 'Does Discourse Matter in the Formation and Consolidation of Social Pacts? Social Partnership and Labor Market Policy in Ireland', (2010), *Critical Policy Studies*, 4(3): 250-277; Culpepper, P. D., 'The Politics of Common Knowledge: Ideas and Institutional Change in Wage Bargaining', (2008), *International Organization*, 62(1): 1-33; Ó Riain, S., *Details About the Rise and Fall of Ireland's Celtic Tiger*, (2014).

6. See the country case studies and analytical synthesis in Avdagic, S., Rhodes, M. & Visser, J., *Social Pacts in Europe: Emergence, Evolution, and Institutionalization*, (2011).

The Irish experience of dialogue in NESC and social partnership also prompted reflection on the kind of analysis and analyst that are required to support the work of an economic and social council. While the discussion among the actors must be based on accurate data and expertise, the analytical work of the council secretariat must facilitate some fusion of the horizons of employers, unions and others, who have both conflicting and convergent interests and understandings. This calls for analysts who combine technical proficiency with a degree of creativity. The ability to 'frame' and 'reframe' problems was identified as a key requirement for the NESC Secretariat and this remains so. In subsequent international research on institutional and policy change, the role of ideas and the discursive process through which they are developed has become an important theme.<sup>7</sup>

An important aspect of the Irish story was widening of the Council membership and partnership process beyond the employers and unions to include a diverse set of social NGOs. This was initially resisted and a new body, the National Economic and Social Forum, was created in 1993, parallel to NESC. When the widening of NESC and partnership did occur in 1996-7, it was seen as a very significant change, since it was feared that the new organisations might not be able to manage the kind of trade-offs, and associated benefits to government strategy, delivered by the employers and unions<sup>89</sup>. It was noted that while the inclusion of a wide range of social NGOs, of varying size and nature, posed new issues, the traditional social partners also faced challenges<sup>10</sup>. These included how to connect their high-level work in the Council and national negotiations with the local action of their members and how to achieve real change through the dialogue/partnership process. In addition, across the democratic world the relationship of government to non-state organisations was changing, especially where it grapples with complex supply-side problems. The overall conclusion was that the challenge of opening dialogue and partnership to a wider set of social NGOs was, in large measure, bringing to the surface tasks which government and the partnership system must address anyway. The extension of the substantive agenda from macroeconomic stabilisation to supply-side issues required an extension of method, from high-level bargaining to multi-level problem solving<sup>11</sup>. An effective future for a widened social partnership was seen as dependent on reform of the way the state understood and addressed complex supply-side and 'wicked' problems<sup>12</sup>. Almost a decade later, NESC would argue that some of the, by then widely-noted, problems in Ireland's system of policy, partnership and implementation in the years after 2000 arose because the

7. Schmidt, V. A., 'Taking Ideas and Discourse Seriously: Explaining Change through Discursive Institutionalism as the Fourth 'New Institutionalism'', (2010), *European Political Science Review*, 2(1): 1-25.

8. NESC, *Strategy into the 21st Century*, (1996), pp266.

9. Restrospective accounts of the role of social NGO's in NESC and social partnership can be found in Larragy, J. *Asymmetric Engagement: The Community and Voluntary Pillar in Irish Social Partnership*, (2014), and Ó Broin, D. & Murphy, M. *Politics, Partnership and Power: Civil Society in Public Policy in Ireland*, (2013).

10. NESF, *A Framework for Partnership—Enriching Strategic Consensus through Partnership*, (1997).

11. O'Donnell, R., *The Future of Social Partnership in Ireland*, a report for the National Competitiveness Council, (2001).

12. NESF, see note9 above; NESC, *An Investment in Quality: Services, Inclusion and Enterprise, Overview, Conclusions and Recommendations*, (2002).

necessary changes in the public system and its mode of engagement with civil society actors had not been realised<sup>13</sup>.

Overall, we can identify four inter-related elements that contributed to NESC playing a significant role in Ireland's strategic policy approach during the 20 year period of social partnership from 1987 to 2008:

- i) Analysis and ideas that are rigorous, but also reframe problems in ways that allow the actors see new possibilities;
- ii) A commitment to exploratory dialogue among key civil society organisations;
- iii) On a problem that is recognised by government as challenging, and on which the civil society organisations can be a significant influence;
- iv) Leading to a coordinated response by government and its animation of a network of civil society organisations, working in a problem solving way.

These are not the only conditions in which an ESC can have an impact, and this is not the only way it can be influential. But they do provide a way of thinking about the work of ESCs, the different ways in which they can add value to public policy and the challenges they face.

### **2009 to 2012: Crisis and Crisis Response by the Irish Government**

Ireland achieved major economic and social progress in the years from 1990 to around 2000. Although economic growth continued after that, a range of international and domestic factors meant that it was increasingly driven by debt finance and dependent on an over-expanded construction sector. The social partnership and wage setting system was undoubtedly drawn into this unsustainable dynamic. When crisis hit in 2008 efforts were made to find a partnership response. There was intensive discussion in the Council on how to understand and respond to the crisis. In early 2009 the Council agreed a report *Ireland's Five-Part Crisis: an Integrated National Response*. Although that report was seen as helpful in identifying the key elements of the crisis and the nature of an integrated response, it did not provide a sufficiently shared analysis to support agreement between the unions and government, particularly on the need for public servants to pay a levy towards their pensions. With the failure of the negotiated approach, government acted unilaterally and, from 2010 on, in close concert with the Troika providing official funding to Ireland – the IMF, ECB and European Commission. Its actions included reduction in public sector pay, major expenditure reductions, some increase in taxes, recapitalisation of the banks and reform on a number of fronts.

The Council term ended in July 2010 and a new Council was not convened by government until June 2011. Much of the institutional machinery of social partnership, such

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13. NESC, *Strategy 2006: People, Productivity and Purpose*, Chp 5, (2005).

a committees and working groups in which the social partners worked with government, was dismantled. In the context of urgent unilateral government action, NESC and other forms of dialogue with non-government actors was much less central in the policy process. In 2010, and again in 2013, government did enter agreements with the public sector trade unions, providing for cooperation with public sector reform and, in the recent agreement, further reductions in public salaries. Although this is very significant, and certainly reflects the tradition of cooperation built up over the partnership period, it was not the outcome of a process of collective social dialogue in the normal sense.

Once the new Council was formed in June 2011 it finalised the projects it had begun earlier, undertook ongoing work on aspects of the economic and social crisis and, in response to requests from government, embarked on work on environmental and sustainable development issues. A short summary of that work confirms that it involved significant change in the method and role of the Council.

### **Labour Market Activation Policy**

The Council influential earlier study *The Developmental Welfare State* (2005) provided the foundation for a detailed analysis of Ireland's labour market services. NESC's 2011 report *Supports and Services for Unemployed Jobseekers: Challenges and Opportunities in a Time of Recession*, underlined the need for reform and outlined the main characteristics of a more effective system. This remains the most detailed study of a policy area that has subsequently become a major focus of reform.

### **Ireland's Crisis and Qualified Recovery**

The Council continued to analyse and discuss Ireland's evolving economic crisis. While the main parameters of strategy were defined within Ireland's Programme with the Troika, Government asked the Council to search for practical ideas that could assist it in taking action on key challenges. These were published in a number of Council reports and Secretariat Papers. In those reports suggestions were made on employment creation, domestic demand and SME finance, some of which are reflected in subsequent policy<sup>14</sup>. In *The Social Dimensions of the Crisis*, (2013), it drew together the evidence on how the income, employment and other dimensions of the crisis were impacting on different social groups. While the preparation and discussion of these reports involved the social partners and others in the Council in joint discussion of evidence and a sharing of experience and ideas, they were not part of a concerted collective strategy involving the main social pillars and government.

### **Standards and Quality in Human Services**

During 2011, NESC undertook analysis of quality and standards in six human services: the school system, disability services, residential care for older people, home care

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14. NESC, *Promoting Economic Recovery and Employment in Ireland*, (2012).



packages, end-of-life care in hospitals and policing. This work was informed by international thinking on regulation and standards-setting in both human services and other areas of the economy and society.<sup>15</sup> It reported significant progress in Ireland's regulation, standard setting and inspection and suggested next steps in building a system of continuous quality improvement.<sup>16</sup>

### Climate Change

In 2012, government took a novel step by asking the NESC Secretariat, rather than the Council, to prepare reports on climate change. This reflected a wish for new analysis and thinking in a policy area that had become deadlocked. The Secretariat worked with a wide range of stakeholders and invited the Council to discuss its draft reports. The final report, *Ireland and the Climate Change Challenge: Connecting 'How Much' with 'How To'*, suggested a reframing of the climate change policy challenge, at both Irish and EU level, highlighting the need for institutional arrangements to support innovation and learning, rather than continued discussion of targets and debates on enforcement.

### Secretariat Work on Diverse Policy Challenges

In addition to the Council work summarised above, the NESC Secretariat has been asked to assist various government departments and international agencies in preparing strategic analysis. These include preparation of a strategic review of further education and training, an OECD study on local job creation, analysis of Ireland's high rate of jobless households and, more recently, work on a new social housing strategy.

### 2013-2014: Opening of Discussion on Post-crisis Policy Possibilities

The Council's work and relation to the wider policy process continues to evolve. As Ireland moved towards exit from the Programme, attention turned to issues that had not, or perhaps could not, be addressed during the period of large-scale fiscal retrenchment and to policy challenges and possibilities for the post-crisis period.

During 2013, the Council discussed the progress of the economy and the domestic and international factors that qualify the overall recovery. Its report *Ireland's Five-Part Crisis Five Years On: Deepening Reform and Institutional Innovation* documented significant policy action and institutional innovation in four selected areas: SME finance and investment, enterprise policy, greening the economy and activation. It urged government not to see its action on SME finance as a temporary expedient, but as a step towards a new relationship between finance and the real economy. The Council identified ways in which these reforms might be further extended and generalised, arguing that the central challenge is to both increase innovation and accountability at the front

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15. NESC, *Quality and Standards in Ireland: Overview of Concepts and Practice*, (2011).

16. NESC, *Achieving Quality in Ireland's Human Services: A Synthesis Report*, (2012).

line and build a supportive centre capable of spreading best practice, and leading policy review and learning.

During 2014, responding to severe problems in the housing system, the Council has devoted much of its work to housing policy. Its first report in this project, *Social Housing at the Crossroads: Possibilities for Investment, Provision and Cost Rental* attracted considerable attention and is seen as an important input to government's formulation of a new social housing strategy.

Although Ireland is a leader in the installation of wind energy, there has been increasing local resistance to both the wind farms and the pylons necessary for a new smart grid. NESC researched national and international approaches to creating social support and community engagement. Its report *Wind Energy in Ireland: Building Community Engagement and Social Support* (2014) is an input to the government's consultation on a new energy strategy and white paper.

#### **4. Reflections on the Evolving Role of NESC and Government-Civil Society Relations**

In reflecting on the evolution of NESC we can identify elements of continuity, significant change and a degree of uncertainty about how the Council will be engaged by the policy system in the years ahead. We can see this by noting NESC's changing location on the four dimensions identified in Section 2.

The composition of the Council has widened considerably from its early days, with the addition of social NGOs in the late 1990s and environmental NGOs in 2011. Outside the context of an encompassing partnership agreement with government, this wider composition would seem to have significant implications, bringing more diverse voices into the dialogue.

The relationship to government has also changed significantly. The Council is still closely linked to the prime minister's department, but the policy context is one in which agreement in the Council is not seen as central to macroeconomic and labour market stabilisation. At the same time, several of the fine-grained studies the Council has undertaken (for example on activation, standards in human services and housing) have made it, and particularly its Secretariat, closer to other government departments and agencies, in areas such as education, environment, social protection, housing, health and the service inspection bodies.

As regards the third dimension, the focus and conduct of council work, we observe both continuity and change. The focus is still on strategic medium-term issues, although somewhat less so. The Council still works mainly in plenary. The substantive

focus has certainly shifted. Some key themes – such as the Development Welfare State and an institutional perspective on policy and public sector reform – remain evident in NESC's work. But wage and labour market developments, and their relation to macroeconomic stabilisation, are much less prominent than they would have been from its foundation in 1973 to the early 21<sup>st</sup> century. This is so for a number of reasons, but mainly because the crisis context is one in which government has not seen agreement among the social partners on these issues as a necessary prop to stabilisation. Ireland's approach to European integration – an area in which a great deal on consensus building was done in NESC in the late 1980s and 1990s – features somewhat less in the Council's deliberations as the focus on EU affairs shifted from market integration, social policy and cohesion to sovereign debt, the euro and banking union. Industrial policy issues are also less prominent than they were in the 1980s and 1990s reflecting the general trend that policy information is more concentrated in implementation agencies. Issues of sustainable development and environment are more prominent since the government's 2011 request that NESC take on the remit of the former sustainable development council. NESC's current focus on housing policy is a return to a theme which it addressed in great detail in 2003-04.

On the nature and goal of discussion in the Council, the basic quest is still to find agreement and offer unified and valuable advice to government. But there are subtle shifts around this. In his opening address to the new Council in 2011, the prime minister encouraged the Council, where necessary, to report diversity of view rather than search for a thin consensus. Government has been more interested in getting specific policy ideas from the Council, on issues such as job creation and domestic demand, than in agreement on strategic directions. Taken together, these factors meant that a higher proportion of the Council's output was presented in Secretariat papers rather than agreed reports and the Secretariat, and not just the Council, was seen as a resource to assist the policy process.

These trends can also be looked at in terms of the four elements that underpinned and shaped the extent and nature of the Council's role in the policy process in earlier decades: reframing analysis, committed dialogue, problem relevance to government and networks with government. These four were combined in different ways in the years since the onset of the crisis in 2007. In the period of acute crisis response from 2009 to 2012, in which the Irish government and the Troika acted autonomously, there was limited scope for deliberation that would provide the basis for a network of the social partners with government. But on more detailed sectoral issues, such as quality and standards in human services, Council work led to some ongoing networks in which the NESC, and its Secretariat, are active. In the 2013 and 2014 period, in which there is an opening of discussion of post-crisis policy possibilities, there has been more scope for a productive alignment of these four elements. The Council's current work on housing policy provides an example. The issue is recognised by government as a challenging one and NESC is seen as bringing resources – analysis and discussion among a broad

range of relevant economic and social interests that are committed to seeking solutions – that can assist in addressing the problem. The Council's 2014 report, noted above, was welcomed by government as a key input to its formulation of a new social housing strategy. When we consider the final element – dialogue leading to a response by government in which a network of civil society organisations are engaged in a problem solving way – it is too early to say much. In any case, as we discuss below, we are here touching on one of the underlying challenges facing many economic and social councils.

It is clear that the role and nature of Ireland's ESC has changed very significantly over the past four decades and continues to evolve. For this reason, the Irish case is informative in thinking about the challenges that face economic and social councils in the early 21<sup>st</sup> century. We can identify three related challenges. One is to undertake deliberation and deliver advice to governments that go beyond the lowest-common-denominator of what diverse interest can agree and thereby facilitate real problem solving. A second is to pitch the work of the economic and social council at the right level, between high-level strategy and principles, on the one hand, and the hard business that each of the social partners do with government, on the other. To focus only on the first could disconnect the work from real problem solving; but to focus only on the latter could lose the added-value that can be gained from the *collective* discussion among the diverse grouping of *national* challenges. The third, and perhaps underlying, challenge is to maintain the relevance of the economic and social council in the context of 'new governance' and related changes in the nature of business associations, unions and NGOs. This third challenge is worth considering in a little detail.

Recent decades have seen profound changes in public governance, industrial organisation and civil society. Various labels have been used to describe and analyse these changes – such as 'new governance', 'lean production' and 'new social risks' – and these are the subject of big debates. But certain trends seem evident. It is recognised that policy making and policy thinking are closer to policy implementation and monitoring. Diverse new civil society groups form, often based on attempts to understand and address new, or previously unrecognised, problems and needs. Economic, social and environmental issues are deeply entwined demanding interdisciplinary analysis. Although the shift from 'government' to 'governance' was exaggerated in some research, there is little doubt that governments tend to engage citizens and stakeholders more directly, in each of the service delivery spheres, rather than always through encompassing representative organisations. In Europe and elsewhere there has been an extension of the regulatory state, with a plethora of public agencies networked in diverse ways. At the same time, labour market and workplace issues, once largely delegated to employers and unions, unavoidably involve wider public issues of skills, gender, care and integration. Issues once seen as technical or technological – in health, product safety, energy, agriculture, environment and data protection – can be the subject of deeply divergent understandings. A wide range of changes in industry and business

have created highly dispersed globalised supply chains associated with new patterns of labour relations, involving both enhanced direct participation for some and greater risks for others.

These trends undoubtedly pose challenges to economic and social councils, especially where such bodies are premised on the idea that the groups involved have a monopoly of representation. At the same time, there remains evidence that many societies gain from consciously seeking a degree of consensus and coherence on the main challenges and that, in many cases, this can be enhanced by institutional arrangements that facilitate inclusive and effective dialogue. Ireland – with its long quest for a consistent policy approach, subsequent widening of social dialogue and social partnership and eventual drift into severe difficulties – is an interesting case study. Indeed, the challenges to public governance and to effective social and civil dialogue arising from the trends listed above were themselves a subject of analysis and debate within Ireland.

Perhaps the central finding from that overall experience, and from much of the literature on social pacts and political economy, is that the policy and public administration system is the primary factor, in two definite ways. Only when government and the public system recognise an issue as challenging to it does it seek the engagement of the civil society organisations in an economic and social council. Only when the public system is configured in an effective way, suited to the nature and complexity of the various problems, can the form of engagement and dialogue with the organisations in civil society be suitably aligned with policy and administration. There is good reason to believe that this would involve both an element of high-level orientation, exploration and reflection, of the kind provided by economic and social councils at their best, and multi-level problem solving in which public agencies engage more directly with civil society groups that are necessary to effective policy, delivery and learning.

The radical correction of Ireland's public finances, forced by the scale of the fiscal crisis, is driving major reform and reconfiguration of the public administration and policy system. As this progresses, it is not surprising that the need for state engagement with a range of non-state organisations is resurfacing in various policy and delivery areas. Indeed, NESC, in its 2013 report *Ireland's Five-part Crisis Five Years On* drew attention to this trend and reflected on some of ways it is being approached by different parts of the public system. At the same time, NESC and its Secretariat—through its work on standards in diverse spheres, climate change, further education, and housing—are becoming networked to the government system in new ways. The next phase in the evolution of the Council and its role is likely to arise from how these two trends are connected to one another.



# The experience of the National Council of Economy and Labour of Italy (CNEL) in social dialogue: a new vision of society and development

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## 1. Why the National Council of Economy and Labour, CNEL?

The Constitution of the Italian Republic was approved in 1947 by the Constituent Assembly after liberation from Fascism and the Nazi occupation. After much debate, article 99 of the Constitution created the *Consiglio Nazionale dell'Economia e del Lavoro* - CNEL (National Council for the Economy and Labour). There were both political and cultural reasons for this important decision. In the second half of the 19<sup>th</sup> century, the now united Italy began to grow nationally in the economic, civil and social spheres. The first trade unions appeared, to demand better working conditions and better wages. The first employers' associations were set up to support the role of free enterprise and to establish a dialogue with new groups appearing in society. In the political thinking of the main forces in Italy, the idea took root that freedom of association for workers and for different interests, first at local level, then at national level through the first Confederations, could drive one of the most important forms of political and democratic growth in the country. And in 1905 the first National Labour Council was set up. This was the start of intense, lively participation but also of conflict and bitter fighting among opposing interests. Its first significant results were improved labour organisation and recognition of new rights and forms of social representation.

Fascism, which had taken power in 1922, abolished all forms of free association and formed a single Fascist trade union, paralysing the employers' association initiative. All social organisations were recognised as "corporations" and the State became a "corporate State". For over two decades, any autonomy or free initiative on the part of the social forces was prohibited.

The renaissance of democracy after the Second World War created a bridge back to the previous experience, which had been so abruptly interrupted, and in the new democratic environment the need was felt to recognise the essential function of the “production sectors” in the life of society and of the State, and also for the taking of decisions by the State in economic and social terms.

When the CNEL was established, rather than just creating a new body, the aim was to stress the importance of the different social partners in the national democratic process. The idea of a pluralistic, dynamic society was affirmed, in combination with the idea of a State based on the fundamental principles of vertical and horizontal subsidiarity. The key role of the local and regional autonomies was also recognised, creating an original system of decentralised powers throughout the territory, in a way that was not dissimilar to the traditional federalist models. Intermediate social bodies or associations between workers and entrepreneurs were recognised as serving the purpose of representing their interests and furthering their proposals. The idea of the CNEL was, and still is, to represent the interests of the social forces that can be encouraged through the National Council to cooperate to find shared solutions for national growth and to promote social cohesion in a responsible way. In fact, the constitutional provision, far from being a sort of privileged recognition for the various interests existing in the country, was more a cry for active responsibility, participation, debate and the drafting of joint proposals. This responsibility did not turn away from the free dialectic among the social forces and between them and the democratic institutions (parliament, government) which, over more than six decades of the Republic, had manifested itself on several occasions in a variety of lively and incisive ways, but called rather for joining forces to enhance the quality of the democracy and participate in a specific, efficient way in the decisions on economic and social matters taken by the political institutions.

## 2. Creation, organisation and structure of the CNEL

Article 99 of the Constitution is therefore the result of a process that began in the late 19<sup>th</sup> century aiming to harmonise the incipient democratic State with bodies from the world of labour.

In the 1950s, in Italy as in other European countries, it was widely believed that a body comprising equal representation of workers and of employers, divided by production sectors, could bring together the opposing economic and political forces which, at the time, were rocking the country and placing obstacles along the path to reconstruction.

The CNEL was therefore constituted in a situation that was new for the social forces and for the institutions of the Republic. It amounted to an “incipient State phase”, an attempt by the Government and the Parliament to “integrate” the social consensus and



“channel” it into an institutional process. This was also the case for other economic and social councils being set up at the time in certain European countries such as France, Belgium and the Netherlands.

Article 99 of the Constitution is the only article that places importance on the representation of social and economic groups, the true “production sectors”, and institutes in the CNEL this varied representation in a way that is consistent with the real, authentic composition of the social fabric.

The full text of the article is as follows:

*“The National Council for the Economy and Labour comprises, as provided by the law, experts and representatives from the production sectors, in numbers that take into account their numerical and qualitative importance.*

*It is the consultative body for the Chambers and the Government for the matters and in accordance with the functions granted it by law.*

*It has legislative initiative and can contribute to development of economic and social legislation in line with the principles and within the limits of the law”.*

To set the Council in motion, a special law on implementation was necessary. Almost ten years were required before this was approved (3 January 1957). This long legislative process was also due to the widespread concern among the Parliament and the Government that the activity of the CNEL might complicate the work of the legislators. For this reason a number of limitations were placed on the activity of the CNEL, such as the lack of powers in certain areas and the issue of non-binding reports.

The Council structure comprises experts and representatives of the production sectors, taking into account their numerical and qualitative importance in order to guarantee effective representation and equal representation of employers and workers; the quality criterion refers not only to the internal proportion but also to the importance of one sector as regards the others (agriculture, industry, trade).

The activity of the CNEL is mainly high-level consultation for the Chambers and for the Government, and qualified study and analysis aiming to identify consensus-based proposals on matters of special relevance.

The CNEL carries out its consultative activity by drafting reports at the request of the Parliament, the Government and the Regions. It draws up documents with comments and proposal ex officio on current legislation, on the main matters of economic, labour, social and environmental policy and on networks and infrastructure, European policies and the policies of the international organisations in which Italy participates. It also prepares periodic Reports, studies and surveys on the economic situation, the labour market, collective bargaining, immigration and the fight against organised crime.

The CNEL also participates in both the bottom-up and top-down processes of Community legislation and transposition.

### 3. Progress over the years

The main protest movements by students (1968) and workers (1969) and the outstanding development of a system of labour relations that was potentially stable in spite of many conflicts offered an initial opportunity for studying and reconsidering the role of the CNEL in the 1960s.

The role of the Council was changed partly by the introduction of direct relations between employers' representatives and workers. At the time, there was a widespread conviction that the functions of the CNEL should be updated and reformed in the light of new, more direct types of debate and relation between different interests.

But adaptation of the Council's role took place later, in the 1980s, when the role of the "main interests" became consolidated after the conflict stage, and the institutional function of the CNEL was strengthened with the subsequent reform (Law 936 of 30 December 1986, establishing regulations regarding the composition and powers of the CNEL).

The number of members was set at 111, in addition to the President; 99 of them represented production sectors and 12 were qualified experts from the country's economic, social and legal circles. The experts are appointed by the President of the Republic and the Prime Minister. The President of the CNEL is appointed separately from the members, by means of a decree from the President of the Republic, at the proposal of the Government. The mandate lasts for five years and can be renewed. The work on preparing the reports that are submitted for approval by the Assembly takes place in the various committees.

In 2000, the composition of the Council was extended to include the social economy sector among the representatives of the production sectors, with 10 members, bringing the total to 121.

Among the measures taken to restrict public expenditure in order to deal with the serious effects of the worldwide economic crisis on Italy's economy and in line with the debate initiated by the social partners themselves, the Parliament has recently taken action to reduce the Council's composition. In particular, Law 214/2011 ("Urgent provisions for growth, equity and the consolidation of public finance") made changes to the composition and structure of the CNEL, with a drastic cutback in the number of members from 111 to 64.

In addition, the Government has recently submitted a draft organic law to reform the Senate and abolish the CNEL. This is a very long procedure on which many reservations have been expressed in Parliament. But the result is not yet known.

The Council currently comprises ten experts, 48 representatives from the production sectors (22 representing employed workers, 17 representing employers and 9 representing self-employed workers), and 6 representatives from the social economy.

The above-mentioned Law 936/1986 updated the functions covered by the Constitution, identifying various instruments through which the CNEL can perform its advisory role for the Parliament, the Government and the Regions. In particular, it provides for the Council to carry out the following functions: to draft, at the request of the Government, evaluations and proposals on the most important documents and political decisions on economic and social programmes, also on Community policies; to examine, in a specific session, the report on programmes and forecasts that the Ministry of the Economy presents to the Government; to approve, in specific sessions, either periodically or at the request of the Chambers or the Government, the reports drawn up by the relevant committee or commission on general, sector and local trends in the labour market and on regulations and wage requirements resulting from collective agreements, by means of a critical study of the available data and sources, in order to help achieve clear results on each of the different phenomena; to draw up its own evaluations on the evolution of the economic situation in six-monthly sessions, setting out guidelines for the bodies in charge of drawing up the basic report; to examine Community policies and how they are transposed, on the basis of the reports drawn up by the Government, establishing contact with the corresponding bodies in the European Communities and other Member States; to contribute to the development of legislation containing guidelines for economic and social policy, drawing up reports and studies and carrying out surveys at the request of the Chambers, the Government or the Regions; to make comments and proposals ex officio on the above-mentioned matters, after first submitting them to consideration of the Assembly, and to carry out any corresponding studies and surveys.

The Council performs its tasks in line with an annual programme approved by the Assembly, at the proposal of the President.

#### **4. CNEL activities: main significant achievements and activities today**

The CNEL was therefore created in an attempt to strengthen social consensus and channel it through an institutional procedure during the decade after the end of the war and in a context in which the social partners and institutions in the Italian Republic were developing and growing. This is similar to the situation seen in many emerging

countries today, in which the institution of Economic and Social Councils is playing an increasingly important role.

During the first years of activity (1958-1961), in an environment of significant change, the CNEL was able to play an active role in the Government's process of drafting laws and taking political decisions. The Government consulted it frequently on relevant matters.

During the 1960s, with the first centre-left governments, the CNEL was called upon to evaluate and apply the new policies that were being drawn up for economic and social planning.

In following years, the institutions of the Republic became consolidated and the first main phase of economic growth in Italy reached its peak. As a result, the social partners became more autonomous, especially those representing employed workers. The latter were able to gain opportunities and dynamics for direct dialogue with the Government. These processes helped to change the role of the CNEL.

Apart from objective difficulties in its relations with the Government and the Parliament, the CNEL has been able to play an important role, turning into a cultural and socio-political landmark, becoming involved in, analysing and anticipating the great changes in Italian society. The focus on the medium and long term was supported by the commitment and conviction of the social partners, which understood that the CNEL had plenty of room for movement regarding the analysis of different working hypotheses. This commitment of the CNEL was also positively acknowledged by the political institutions, which tend to focus more on achieving a consensus in the short term.

A rapid review of its first thirty years of operation shows that the Council initially served to interpret the great changes in the agricultural economy, from the abolition of sharecropping to agricultural reform, the affirmation of property directly farmed by the farmer, the definition of the Common Agricultural Policy and the transformation of the farming sector into agri-industry.

The CNEL has been a landmark in matters relating to emigration by Italian workers and, over the last 15 years, immigration by foreign workers into Italy.

It has analysed, constantly and in depth, matters relating to European integration, drawing up a set of periodic reports. It has provided important and innovative reflection on matters such as the educational system, guidance, training and the labour market. It has carried out a detailed analysis of health care reform and has collaborated directly in the implementation of the Reform Law, monitoring its effects.

The reform of 1986 also stressed the institutional service function of the CNEL, whereby it maintains archives on national collective agreements in the various sectors and

second-tier negotiation (complementary negotiation within enterprises), data bases with markers on labour and economic life and observatories on phenomena in different sectors.

By means of these tools, the CNEL has acquired an important role regarding matters such as local development, the Italian Mezzogiorno region and the dichotomy between the north and south of the country, and has performed a detailed analysis of competitive factors in the "Italy system".

The Council has also been an active observer and has assimilated new methods of representation, from associations and voluntary groups to new professions and changes in the traditional representations. It has assisted in the action taken by the social partners at local level relating to territorial development, and has become the key point of reference for expression by new associations that represent a variety of interests. In particular, between 1994 and 2000, the CNEL increased its capacity for accepting and performing new active functions to provide specific support to social dialogue and to convert dialogue into political decisions on economic and social development.

In order to promote development and growth in many local or marginal areas, or locations in difficulties, the idea arose that active participation was needed from the social partners, labour and business, governments and local banks, universities and other institutions operating in the different territories. This led to "territorial pacts", agreements that identified, on the basis of agreement among the main local agents, the main objectives to promote local development, employment and innovation.

Over 100 territorial pacts were defined with the technical assistance of the CNEL and signed officially in the headquarters of the Council by those involved in each local market. At the proposal of the Government, in 1997 the Parliament approved a new law recognising these processes of participation and responsibility for local social partners to achieve development of local communities, and the territorial pacts thus became new instruments for promoting development and growth.

Also in the 1990s, with the aim of stimulating national growth and development, the Government set up an intense, significant campaign to reach agreements with social partners at national level. In 1992, 1993 and 1998, the various Governments promoted and signed national agreements with all the social partners on wage and employment policies, based on collective agreement, labour policies and support from the production system. These agreements defined tripartite commitments (government, workers' representatives and business representatives) and led to a long period of consensus-based policies that had a number of very important effects for economic and social life: increased and improved distribution of wages, reduced inflation, increased business productivity and profit and fewer social conflicts. At the end of the 1990s, in 1998-1999, the Government appointed the CNEL to be the institution in charge of checking

the real effects of the consensus-based agreements. Some bilateral debate sessions were held at the CNEL to monitor their effects and take the necessary actions.

During the same period, other important initiatives arose in which the CNEL became involved. Firstly, special attention started to be paid to the new immigrant workers that were arriving in Italy from many Mediterranean countries as well as from Africa, Asia and Latin America. A specific body was created within the CNEL, which still exists, comprising social partners, associations of immigrant workers, representatives of regional and local authorities and representatives of the relevant ministries to monitor and measure the processes and problems of gradual integration by immigrant workers into the different parts of the country.

Moreover, in the light of the growth of organised crime and its very dangerous effects on the national economy, the Council promoted the creation of an important socio-economic Observatory on organised crime. This body has carried out important debates and analysis on the latest phenomena to appear in Italy, with participation by the production sectors at national and regional level, providing them with the support needed to fight against infiltration among their members by entrepreneurs from the world of organised crime and to defend enterprises (especially small and medium enterprises) that are often subject to pressure from criminal organisations.

From 2000 to 2005, in line with its institutional role, the CNEL performed an essential service by creating new data bases on, among other topics, the State budget, the labour market, wages, working hours and labour costs, immigration and infrastructure. In 2005 a new law gave the CNEL the task of involving the social partners in the process of drafting Community legislation. In six-monthly debate sessions and in working groups, the national social partners were able to participate significantly in the shaping of European aspects which were becoming increasingly important. This new law formally extended the experience that the CNEL had begun independently in 1999 in this area, and this strengthened the Council's institutional functions.

These activities also took place thanks to an agreement between the CNEL, the Ministry of Foreign Affairs and the Ministry for Community Policies.

Over subsequent years, the CNEL provided institutional advisory services for the Government and Parliament. For example, the President of the CNEL informed the President of the Republic about the document on the reform of the State budget approved by the Council Assembly. Also, in October 2006, a proposal was made to the Presidents of the Senate and the Chamber of Representatives for the joint preparation of a "National report on labour changes". This initiative aimed to analyse, explain and summarise changes in the world of labour in Italy over the previous 60 years so that people could better understand medium and long-term changes.

In its role as a link and forum for social participation, the institutional functions of the CNEL have gradually increased. In particular, Law 15/2009 provided that the CNEL should take on a more specific, direct commitment on the matter of Public Administration reform, a matter of key importance for the country. The CNEL was therefore required to draw up an annual report for the Parliament and Government on the standards and quality of the services provided by the central and local public administrations to businesses and citizens. It was also to draw up an annual report on the state of collective bargaining in Public Administrations regarding the needs of economic and social life. In addition, it was entrusted with the organisation of an annual conference on the activities carried out by the Public Administrations, with participation by representatives from different economic and social sectors, consumers' associations, qualified specialists and the media, with a view to setting up a debate on the state of the services provided by the Public Administration and any new problems arising.

Later, Law 234 of 24 December 2012 was to consolidate the participation of social partners and of production sectors in decisions on the legal acts of the European Union, with the CNEL participating in the bottom-up and top-down phases of European projects and acts on matters of economic and social interest (the CNEL may submit any opinions and contributions it considers appropriate to the Chamber and to the Government).

## **5. The most significant activities over the last two years**

In view of the serious economic and social crisis that took place in 2008, over recent years the CNEL has held a number of meetings aiming to step up participation by women in the Italian labour market and with the ambitious aim of analysing the coherence of the government's procedures relating to participation by women in the labour market. This confirms the CNEL's ongoing commitment to matters of great relevance for society. It was proposed that a consultation be held on gender equality, and this gave rise to initiatives on the "General status of employment for women in Italy", which annually monitor the gender effects of the main administrative measures.

The CNEL also presents an annual "Report on the labour market", one of the most incisive instruments proposed by the Italian Council, in order to draw the attention of institutions, social representatives and enterprises to a number of matters for reflection on the relation between growth, development and employment in Italy. This report is presented every year in a number of sessions that aim to give a full explanation to make it understandable for the audience. The sessions held in 2011-2012 were on the following topics: "Young people and the labour market: European and international policies in the limelight" and "The effects of Social Security reform on labour prospects and life". The report has tried to meet the dual need of interpreting the changes that have taken place and offering, as far as possible, a forecast of trends for coming years

that can serve as inspiration for institutions and society so that appropriate active policies can be adopted.

The report on the labour market for 2012-2013 covered "Supply and demand for labour, prospects in the medium term", and an "Analysis of low-income workers". Employment, unemployment and wages do not depend only on the problems existing in our own labour market but also reflect the consequences of a far-reaching crisis that has created great social unrest. In addition to companies' smaller needs for labour, young people are also suffering the consequences of a lower demand for replacements for older workers. This has arisen because of pension reform, which has led such workers to remain in their jobs.

In order for labour policies to actively foster growth, labour organisation needs to be optimised either in line with market needs or through worker participation. For this task, not only economic policy is required but also participation by the social partners. The CNEL supports the proposal presented jointly by the trade unions and employers' organisations for an economic policy that will relieve workers and employers from an excessive tax burden.

This latest edition of the report, therefore, intends to offer a tool to the decision-makers so that their decisions will help to combine active labour market policies with macroeconomic decisions on income tax and corporate tax reductions in order to promote growth.

The results of the Stiglitz Commission, which was established by the UN in 2009, led the CNEL to promote the development of new instruments for measuring the country's growth, apart from the GDP. Since 2013, the CNEL has therefore been publishing, on an annual basis, the BES reports entitled "Just and sustainable wellbeing in Italy", an initiative implemented jointly with the ISTAT (Italian National Statistics Institute). Through this report, the CNEL has worked on developing a tool that can identify the basic elements of wellbeing in Italy and in its many different territorial situations. The crisis has created an urgent need for new points of reference and indicators that can measure the social growth of a national community, in the belief that the parameters for evaluating the progress of a society should not be purely economic, but also social and environmental, with indicators to measure inequality and sustainability.

In order to achieve these objectives, participation was received from experts on the different aspects of wellbeing (health care, environment, labour, economic conditions, etc.) and from Italian civil society, in the form of debate and meetings between the social partners and associations and with thousands of citizens over the Internet.

This led to the identification of 12 dimensions of wellbeing that are relevant for Italy. For measuring the level of wellbeing, the scientific committee also identified 134 indicators with a high statistical quality for assessing the social reality.



The first of these reports (BES 2013) was presented officially on 11 March 2013 to the President of the Republic, the Parliament and the Italian Government.

The BES 2014 Report, presented in June 2014, aimed to offer a set of useful guidelines for the political decision-makers, the social partners and the research community in order to identify short and long-term priorities with a view to guaranteeing just and sustainable wellbeing for present and future generations.

## **6. The international projection of the CNEL**

The CNEL is constantly in contact with the European Economic and Social Committee (EESC) and participates in its activities, both in the periodic meetings held in Brussels and in the networks that the EESC, at the request of the European Commission, has set up to coordinate the neighbourhood policies (with the Balkan countries and those in northern Africa) and policies with other third countries.

In line with the EU's principles for foreign action, the CNEL also has significant activity in the field of international relations, partly through bilateral exchanges and cooperation with Councils and similar institutions in other countries and, partly, through the activities of the International Association of Economic and Social Councils (AICESIS). The CNEL occupied the chair of the latter from 2009 to 2011.

As a member of the AICESIS, the Council has participated in the United Nations Economic and Social Committee (ECOSOC) and in the International Labour Organisation (ILO).

In this area, the activity of the CNEL aims to consolidate democracies by disseminating social dialogue as a tool for strengthening social cohesion and for promoting and supporting the creation and dissemination of bodies based on social representation. In this context, the CNEL has signed several protocols for association with the Economic and Social Councils of large countries such as Brazil and the Russian Federation, with new members of the European Union such as Romania, and with some of the younger countries on the African continent, such as Benin and Gabon.

The aims of these agreements are: to encourage joint activities to promote social dialogue; to cooperate in sustainable development and energy; to share experiences on the prevention of organised crime; to promote democratic principles, good governance and labour law; to establish bilateral cooperation between the two institutions; to share information, experiences, publications and experts, workshops and training; to identify opportunities for cooperation and collaboration in the economic sphere; to further trade and the production of goods and services; to promote small and medium enterprises, and to further gender equality.

In an increasingly global playing-field, it is desirable for the principles of social dialogue and participatory democracy in socio-economic development to lead to specific guidelines for the development of civil and political democracy, both in individual countries and with a view to increasing cooperation and integration among neighbouring countries in the different regions of the world.

## **7. The relations of the CNEL with the Latin American region**

For more than a decade, the CNEL has been showing constant interest in relations with the Economic and Social Councils (ESC) in the Latin American region, especially regarding the utilisation and spread of good practices for social dialogue as a tool to strengthen social cohesion. In this context, the CNEL also participates in meetings of representatives of organised civil society in the EU and Latin America and the Caribbean (LAC) and also follows the negotiations of partnership agreements (Mercosur, Central America and the Andean Community).

In addition, in its capacity as a member of AICESIS (International Association of Economic and Social Councils and Similar Institutions, which includes over 80 Economic and Social Council in the main countries of the world), the CNEL promotes, assists and helps consolidate the national ESCs in order to help them be set up in the Latin American countries which do not yet have such a Council.

Since 2006, the CNEL has been participating in periodic meetings of the Italy-Brazil Council for economic, industrial, financial and development cooperation, the Italy-Venezuela Council and the Mexico-Italy Bi-national Commission. In this context, the CNEL has also participated in the governmental delegations that have visited such countries. These meetings afforded opportunities to strengthen social dialogue also in the context of EU-Latin America policies.

The main results can be summarised as follows:

- The CNEL and the Council for Economic and Social Development (CDES) of Brazil signed an agreement for collaboration (June 2003, renewed in 2008). This inter-institutional collaboration received explicit, formal recognition on occasion of the signature of the Plan of action for strategic partnership between Italy and Brazil (signed in Washington on 12 April 2010). In this connection, two bi-lateral working groups were created to share experiences on economic crime and SMEs.
- In preparation for the 5<sup>th</sup> EU – LAC Summit, the CNEL participated in the EU-LAC Forum on social cohesion organised by the Government of Chile in collaboration with the European Commission (Santiago de Chile, 23-25 September 2007). Since 2004, the promotion of social cohesion had been considered one of the priorities for the EU-LAC bi-regional agreements. The parties had decided to continue holding periodic

meetings on trends in the socio-economic situation and in social inequality based on the analysis of the strategies and mechanisms needed at national and international level to face these problems.

- In representation of the Italian Republic, the CNEL participated in the EU-LAC Forum on social cohesion organised by the Government of Peru, in collaboration with the European Commission (Lima, 8-10 February 2010). The opportunity was taken to hold a number of informal meetings with the Peruvian National Council for Labour and Promotion of Employment (CNTPE).
- On occasion of the 2<sup>nd</sup> Mexico-Italy Bi-national Commission (Mexico City, 29 September to 4 October 2010), the CNEL set up a number of reports and meetings with senior government officials and with representatives from the Mexican social partners. Mexico has Councils in all its states and was considering the possibility of creating a Federal Economic and Social Council. The experience of Italy was analysed as a point of reference for the promotion and development of social dialogue and cohesion.
- In order to give continuity to this important field of work, in September 2011 and in preparation for the 5<sup>th</sup> Italy-LAC Conference, programmed by the Italian Ministry of Foreign Affairs (5 October 2011), the CNEL held a seminar entitled "Towards the 5<sup>th</sup> Italy-LAC national conference: the contribution of the CNEL", which was attended by ambassadors and representatives from Latin American countries and representatives of the Italian Government.
- In July 2013, the CNEL participated in the events held to celebrate the tenth anniversary of the Brazilian CDES and also met with representatives from the ESCs in the region, including those from Mexico City and Jalisco, who were participating in the first formal meeting of the ESCs of Latin America and the Caribbean (after the preliminary meetings held in Porto Alegre). On that occasion the network of Latin American ESCs was created and the Charter of Brasilia was approved which laid down the intention to establish closer cooperation. The CESALC web site (<http://www.cesalc.org>) was set up (based on the experience of the ESC link promoted by the European EESC) with the aim of connecting all the Councils of Latin America and facilitating the sharing of information, analyses and good practices.
- The CNEL participates actively in international seminars organised by the European EUROsocial project to support and strengthen social cohesion in Latin America. These are coordinated by the Spanish Economic and Social Council. In the framework of this project, the CNEL participated in the International Forum of Economic and Social Councils held in Guadalajara (Mexico, Jalisco) in June 2013.

In September 2013 (The Hague), the CNEL participated in the meetings held among the delegations of some European and Latin American Councils to present the role of the social partners and their consultative function in democratic systems.

Finally, the CNEL also participated in the International Seminar on the consultative function of Economic and Social Councils and on the search for consensus (Antigua, November 2013). This event closed the cycle of seminars for the year 2013.



## Social dialogue as a new method of governance in Portugal

José Albino da Silva Peneda,  
*President of the Economic and Social Council of Portugal*

It is well-known that our environment largely determines what we think about the society in which we live. In my case, the fact that I have been President of the Portuguese Economic and Social Council for the last four and a half years has shaped many of my ideas on fundamental aspects of economic policy today. During this period I have had the sensation that we came close what I call the perfect crisis. This is the name I give to what occurs when consumers do not consume, investors do not invest, financiers do not finance and workers have no work. Portuguese society has come very close to this situation.

Together with this almost apocalyptic sensation, there have been other signs that relate to what I consider has been the most general environment. These have been perceptions, some of them perhaps unfair, present in the social fabric. I refer to the lack of confidence in politicians and institutions, the opacity that takes the form of lack of transparency in the businesses in which the political powers are involved, the interdependence between everything and everyone and what I consider to be one of the main defining features of our time, that is, unpredictability.

The main concerns behind the Programme for Economic and Financial Assistance (PAEEF) to which Portugal has been subject were the search for financial balance and urgency. However, when a society is determined to restore one type of balance, however important this might be, other types of balance are often destroyed. When, in economic policy, too much effort is given to applying measures and instruments in the search to correct a specific imbalance, this often creates other imbalances. And societies do not function on the basis of a single type of balance. The life of societies is much more complicated than this. Various types of balance are required to guarantee stability, especially those affecting personal security and dignity.

Implementation of the PAEEF has not only sought to achieve financial equilibrium but was carried out with urgency which was never sufficiently well-explained. Regarding the urgency imposed by this Programme, I consider that the imbalance in the Portuguese economy is structural so cannot be resolved with urgency. In the short term, generally speaking, more superficial matters can be resolved but the basic problems persist.

To solve structural problems, a medium-term vision is essential. What is needed are ideas, or we can call them dreams, or vision. And time is also needed. It is also necessary to do things gradually and to be able to correct certain aspects of the path followed. And there must be a far-reaching and inevitable commitment among the main political forces.

I make a distinction between commitment and consensus. These are two separate concepts. The idea of commitment implies that an active position has been adopted by the parties involved. They may have started out with different viewpoints but have understood that it is important for them to make the effort to understand each other and negotiate a commitment to which they will remain attached. In the case of a consensus, the situation is more fragile. It may be that only one of the parties accepts, somewhat passively, an idea or process. In a commitment, the responsibility of the parties is very strong, which is generally not the case in a consensus.

I believe that today we have to distinguish between what I call 'small' politics and 'big' politics. In the former, government is based on pre-established rules. In the latter, the idea is to change such rules. One of the changes I propose in the new form of governance is to convert structured dialogue into a very important component of this new attitude of political power.

It is my conviction that social dialogue can be a very powerful instrument for promoting a new form of governance.

But structured dialogue is not just a matter of procedures for listening and for consultation. I see structured dialogue as a process with set rules that have been accepted by the parties, a process that aims to achieve agreement and commitment and that gives responsibility to those involved.

A commitment seeks consensus and is based on a permanent culture, not a ritual with no content. It is a permanent method of governance. We all know that conflict forms part of the life of any society. Structured dialogue can help find solutions to problems through commitment but not through imposition.

I do not see dialogue as a way of neutralising an ideological struggle and certainly not as a substitute for formal democracy. Formal democracy is an area for natural confrontation between majorities and minorities that aspire to becoming majorities. In structured

dialogue this is different. In structured dialogue there are neither winners nor losers, just a search for commitment and this is new in the process of liberal democracy.

Political legitimization comes from suffrage but it can be strengthened, or weakened, depending on whether the political agents in power are able, or not, to build bridges with other centres of power. Power does not belong to those who know most or those who are at the top. Power belongs to those who know how to convince others and, in this, structured dialogue may have an essential role to play.

Let us consider the most defining characteristics of the recent evolution of Portuguese society.

First, our society is becoming increasingly complex and fragmented with growing diversity and mobility. As a result, new forms of organisation are appearing that place pressure on decision-making centres with the aim of ensuring that the processes of shaping public policies reach new participants. The technological revolution and the impact of social networks on everyday life are the most visible aspects of this evolution.

Second, the growing level of inter-dependence between everything and everyone means that decision-making processes have become more complex as different types of interest have to be taken into account. This means that for the risk involved in the implementation of decisions to be properly perceived, the motivations and interactions among agents must be known.

Third, the idea that governments rule over a territory limited by physical frontiers belongs to the past. In our times, governments are just another of the decision-making centres, both interior and exterior, that affect the life of citizens.

The increasing inter-dependence that is visible all over the planet means that different forms of interaction with the exterior need to be organised, with increasing intensity. In our case, our membership of the European Union and the Eurozone creates a variety of determinants so, at a time of a severe loss of sovereignty, this need becomes even greater. Excessive passivity or a very defensive position in this respect is not to be recommended. Obtaining information, preparing strategies for negotiation, choosing allies all require a very high level of interaction with other countries.

Fourth, governments today are obliged to monitor, try to understand and anticipate the interests of groups in society. An attitude that reacts only when a situation has turned into a problem leads to responses that are insufficient, late and rushed because, once a problem has been created, the spectrum of possible options will have been greatly reduced.

All these recent characteristics of the evolution of our societies point to the advantage of making structured dialogue, one of the characteristics of a new form of governance.

Public administrations afford a good example of organisations that tend to be unwilling to coordinate policies and make them compatible. I am convinced that improved coordination regarding the formulation and application of public policies is unlikely to come from within the Administration but may be possible if pressure comes from outside. This is yet another reason for justifying the design of mechanisms to strengthen structured dialogue with agents outside the Administration.

The history of mankind teaches us that the most brilliant achievements always stem from human interaction. Examples include the discoveries or man's arrival on the moon.

These and other outstanding projects that have managed to express the will of a group have always been based on the ordered mobilisation of many different contributions and an organisational capacity to make them converge around specific objectives. It is true that without a widespread climate of trust it is very difficult to generate new ideas that can express an authentic collective will. However, stronger trust can be generated by mechanisms allowing for the implementation of forms of structured dialogue.

Taking the case of Europe, Portugal joined the European Union almost thirty years ago, accepting the values represented by the European project which focused on what has been its *raison d'être* – peace and prosperity. Much has changed since then. The European Union has expanded and Germany has become united. The world has become global and the Euro has been created.

Today the new name of peace in Europe must be growth and employment.

Only a society in which the various components are balanced can aspire to affirming the values that are associated with this new concept of peace. The European Union's difficulties can only be resolved if its institutions are transformed into powerful machines promoting commitment between large and small, between rich and poor, between north and south. The European Union's difficulties can only be resolved through greater coordination between economic and budgetary policies. The European Union's difficulties can be faced with greater ease if the social dimension of the internal market is given its true worth. If the speculators have the last word on the future of the old continent, the European Union's difficulties will not be resolved.

This is where we can contribute to the renewed spirit that will make Europe the centre of convergence and commitment focusing on the values that have marked it since the start.



I am perfectly aware that after a crisis on this scale, we will never be able to return to where we started from. Crises always lead to renewal and to readjusted balance. But I also know that the characteristics of our time and the situation of far-reaching institutional, political, economic and social imbalance in the Eurozone make it necessary to search for new equilibrium based on an innovative social contract.



# **Supranational experiences and networks**



## Civil society, a key agent for an effective European Union

Henri Malosse

*President of the European Economic and Social Committee*

European citizens perceive the European Union as being incapable of dealing with the challenges it faces today. This lack of confidence in the European Union was made clear in the recent European elections which confirmed the rise in both abstention and Eurosceptics. In this context, many people consider that the European Union now has its last chance and that its continuity will depend on closer contact with its citizens and on their identification with it. The European Economic and Social Committee (EESC), in its capacity as the representative on a European level of organised civil society, proposes a response to regain the support of the people by playing a role as the “citizens’ engine”.

Many of us today consider that the European Union now has its last chance. This has been stated recently by the former president of the Convention, Valéry Giscard d’Estaing, and the new President of the European Commission, Jean-Claude Juncker.

To citizens, the European Union seems incapable of rising to the challenges it faces, especially the recent crisis from which the Eurozone is the only part of the world to have not yet recovered. The south of the European Union in particular – from Portugal to Cyprus and including Spain, Italy and Greece – is in a desperate situation marked by record rates of youth unemployment that affect more than one out of every two young Greeks or Spaniards and are forcing people to emigrate, a disgrace for the European Union. Europeans are finding it increasingly hard to feel part of a European project for a collective future whose contours are becoming increasingly blurred to the extent that people are now wondering if it is still appropriate.

This lack of confidence regarding the European Union was made clear during the latest European elections which confirmed both rising abstention and the rise of the Eurosceptics. These two trends point to the importance of taking up this “last chance for the European Union” represented by the new mandate for the European Parliament. The European elections of 2019 run the risk of being the last.

How can we correct the famous “democratic deficit”? How can we bridge the gap that has opened up between Europe and its institutions, with Brussels on one side, and European citizens on the other? In other words, how can we bring Europe closer to its citizens and encourage them to adopt the European project? The European Economic and Social Committee, which I have been chairing since 2014, provides a channel for response that we are striving to put into practice together with our partners.

## **The EESC, a key agent for the functioning of the European Union**

The challenge for the European Union today can be summarised as follows: to win back popular support. There can be no good policies unless the people affected by Community decisions are listened to, participate and give their assent. Organised civil society is therefore a key player on the European political landscape. The parliaments and political bodies and processes cannot on their own correct the “participation deficit” that a majority of European citizens is denouncing.

The European Economic and Social Committee (EESC) is participating at this level by offering citizens the possibility of participating, on the basis of individual and collective commitment, in the management of public affairs through the contribution of organised civil society. Being made up of members from all the Member States, who are neither politicians nor civil servants, our Committee benefits from experience and expertise in the field and also from the presence of these representative agents of civil society. The dialogue between them and public authorities and institutions at every level, with negotiation and the search for convergence and consensus, makes it possible to define shared interest, or general interest, and to increase the quality and credibility of political decision-making because it enhances understanding and acceptability for citizens, as well as the transparency that is essential for democracy. Our Committee has the essential capacity for organising the sharing of viewpoints, even consensus-building, among the representatives of civil society who all have different motivations and defend different interests. By doing so, it offers a real forum for synthesis.

The fundamental role of our Committee was laid down in the Treaty of Rome establishing the European Union in 1957. For Jean Monnet, one of the founding fathers, the EESC is an institution at the same level as the European Parliament. However, while the European Parliament gained new powers, the EESC went in the other direction and has

been gradually left out of the construction of Europe. But in recent years, with the European Union facing difficulties, we have been endeavouring to restore its place in the decision-making process.

Our Committee maintains permanent, structural relations with all the Economic and Social Councils and Similar Institutions in the Member States, to give life to the representation of civil society and to ensure optimal circulation of information. But we have also established close relations with similar organisations in neighbouring countries. These play a key role in preparing candidates for EU membership by building bridges between civil societies and ensuring that dialogue takes place at an intermediate level while also working to achieve partnership agreements. The European and Moroccan Economic and Social Committees are at the heart of the Euro-Mediterranean partnership. Thanks to its unique network of relations with organised civil society in third countries, the EESC complements the international policy of the European Union by transmitting the message of the European Union among the Economic and Social Councils and Similar Institutions, where they exist, and among the representatives of the organisations involved, the economic and social partners and other players in civil society.

### **To return citizens to the heart of European decision-making is the ambition of the EESC**

The lack of confidence in the European Union expressed by citizens in recent years has pointed to how important it is for its institutions to listen to what is expected of them and indicates that there is a real will on the part of Europeans to be involved in European policies. The reality of participatory democracy is laid down, and I might say this seems only natural, in Article 1-47 of the Treaty establishing a Constitution for Europe. This clause is included in Title VI on the “democratic life of the Union” which affirms three principles –democratic equality, representative democracy and participatory democracy. By laying down the reality of participatory democracy and introducing a citizens’ initiative right, this clause lays the foundations for setting up in future a real structured civil dialogue at European level, alongside the political dialogue between the European Union and the Member States. It thus guarantees sustainable participation by organised civil society in the European political processes. This is a remarkable advance that very much pleases our Committee. It converts European citizens into full players in the process of European integration and its development.

We are therefore endeavouring to make the European Citizens’ Initiatives a success. This is a new form of direct participation for citizens in the drafting of EU policies. In the conviction that such a tool is of use, from the start the EESC has worked to make it a success by supporting those presenting initiatives, and promoting the development of a network allowing for experience and good practices to be shared. We have also

organised several promotion events such as the annual session on European Citizens' Initiatives, in partnership with the Committee of the Regions, have drawn up a guide on the European Citizens' Initiative and have launched an ad hoc Group to develop support strategies and initiatives. The Parliament has recently published a study in which it recognises the success of the European Citizens' Initiatives among citizens and the key role played in this by the EESC.

I would have liked us to go further by launching a movement for reform based on the notion of a "citizen engine". Our Committee is determined to strengthen its capacity for participation in the European decision-making system to ensure that the voice of civil society is heard. In February 2014 we signed a historical agreement with the European Parliament and the Committee of the Regions which established the basis for bringing together our working methods to strengthen the "citizen pole" within the European Union. At present, the EESC is studying the impact of directives in order to inform the Members of the European Parliament, prior to the review of such texts, of their effects in the field and expectations in terms of development expressed by civil society. We have issued an impact study on the Bolkestein Directives which underlined the problems noted by professionals in the very complex construction sector<sup>1</sup>.

Other channels for participatory democracy still need to be developed, such as those that can offer the tools of the digital society allowing citizens to participate more directly in the main political options. Our Committee is currently working on a project entitled "Europe tomorrow" which would allow such consultation through organisations representing civil society.

It is by constantly questioning our operating methods, our representativeness and the quality of our work that the European Economic and Social Committee will allow European civil society to play a full role in a Europe that meets the expectations of Europeans.

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1. Report «*Les effets de la directive services sur le secteur de la construction*» [*The workings of the services directive in the construction sector*]- INT/OMU - EESC-2014-02466-00-01-TCD (EN/FR)



# The CESlink cooperation network – an overview and outlook

Nombre autor  
*cargo autor*

The article describes the purpose and aim of CESlink cooperation, which for the past fifteen years has brought together volunteers from the EU's economic and social councils (ESCs) and the secretariat of the European Economic and Social Committee (EESC). The primary objectives of the CESlink process are to provide information to users on relevant initiatives by the participating bodies; to give visibility to the documents adopted by them; to facilitate the integration of new Member States' ESCs; and foster communication in all areas of common interest. It presents the features of the CESlink network, its structure and communication platforms, and sets out a few ideas for its future development.

## 1. Origin and purpose

The voluntary CESlink network for cooperation was launched in 2000 by a joint decision of the European Economic and Social Committee (EESC) and the Member States' economic and social councils and similar institutions (ESCs), in the context of the work on a new treaty, which was to enhance the democratic legitimacy of the EU by fostering a structured dialogue with civil society and using all the democratic processes – representative, direct and participatory.

Its goals have been defined as follows: to support the work of the EESC and ESCs by raising public awareness of how they operate; to disseminate information on events organised and the documents they generate; to enhance cooperation between the EESC and the national ESCs by strengthening dialogue between all participating bodies; and to enhance information-sharing and communication on areas of common interest.

## 2. Composition, governance and cooperation platforms

The network consists of a group of voluntary correspondents from the national ESCs and the EESC. All members of the network are treated equally and responsibility for managing the network's various communication platforms is shared between them. The CESlink network complements the joint activities developed at the level of presidents and secretaries-general.

Designed as an online one-stop-shop for external and internal stakeholders and run by the EESC, the CESlink Portal (<http://www.eesc.europa.eu/ceslink/>) is available in two language versions: English and French. It has existed in its current format since November 2011, when it was relaunched following an extensive revamp based on a survey of the participating councils and portal users.

The 22 national councils are represented on the CESlink Portal, with information about their mission, objectives, structure, membership and working methods, as well as their contact data. Links to social media channels where they exist, and recently adopted documents and newsletters, complete the council-specific offer.

The continuously updated news section provides information on initiatives, events and conferences launched by the EESC and participating councils, with a focus on jointly organised activities. It also promotes recent opinions and other formal documents. Users can subscribe to the CESlink mailing list and RSS feeds. In addition, the portal makes available information about priority topics the councils choose to work on together, such as the Europe 2020 strategy and the European semester, employment, and climate change.

The CESlink Portal offers access to the two other communication tools put in place to foster the network's cooperation and promotion of its work, namely a document database managed by the Italian Consiglio Nazionale dell'Economia e del lavoro (CNEL) and the CESlink Intranet run by the Dutch Sociaal-Economische Raad (SER).

The CESlink database contains a selection of ESC publications in their full text version and original language. To date, 13 national ESCs and the International Association of Economic Councils and similar institutions (AICESIS) have provided some 1700 documents related to their work. The range of texts covers opinions, reports, memoranda, studies and newsletters, as well as resolutions and agreements. The database is searchable by council, date, typology and subject. The repository containing the EESC's opinions, which are available in all EU working languages, can be accessed via a direct link.

In addition to the ongoing virtual dialogue, the CESlink correspondents used to meet once a year at the invitation of one of the member councils; additional meetings were organised as necessary. The last annual meeting was held in 2011, after which it was

decided that, in view of the crisis and budgetary constraints, cooperation should take place as far as possible through online communication, i.e. by way of the CESlink intranet.

In 2011, a survey was carried out of the secretaries-general of the economic and social councils and similar institutions in the EU to determine the best way forward for the CESlink cooperation network. According to its conclusions, the majority of secretaries-general who took part in the survey felt that the cooperation should continue in the same form, with the portal and the document database as its main tools. They also expressed the view that while cooperation was first and foremost an “internal” tool for staff and members of the participating councils, it was also of value to civil society organisations, students, academia and the EU institutions. A simultaneous online poll carried out on the CESlink Portal confirmed this position.

### 3. Next steps

There is a case to be made for maintaining a tool that allows for an exchange on issues of common interest, expertise and best practice between the network partners and that facilitates the active promotion of their activities and achievements. Consequently, some councils have been advocating more use of the CESlink cooperation tools in a recent survey on the role and future of ESCs in Europe. Some others stress that any form of cooperation must be on a fully voluntary basis and with mutual respect for the specificities of each institution.

In terms of communication, all ESCs have a website that details their activities, and most of them make use of digital communication tools. Hence, it would seem that one natural further development of CESlink cooperation would be to encourage the integration and greater visibility of interactive features such as social media and content-sharing platforms on its portal.

These are just some of the topics that the EESC proposes for discussion at a meeting of CESlink contacts to be held in 2015, in order to take stock of lessons learnt and accomplishments and lay the foundation for another fifteen years of successful collaboration.



# Democracy and dialogue in Latin America and the Caribbean. The contribution made by the CESALC<sup>1</sup> network

CESALC Network

## Summary

This article stresses the process of building up the Network of Economic and Social Councils of Latin America and the Caribbean (CESALC), which brings together the Economic and Social Councils (ESCs) and similar institutions of a national and sub-national nature in nine countries of Latin America and the Caribbean. The initiative of creating a network of ESCs reflects the efforts of the governments and peoples of Latin America and the Caribbean to expand cooperation and integration in the region. The creation and strengthening of the ESCs proves the relevant role played by these innovative institutions in a scenario of re-democratisation and extended participation by civil society in the process of governmental decision-making on the formulation, monitoring and assessment of public policies. We present below the background of dialogue among the representatives of the ESCs of Latin America and the Caribbean on the building of this network, as well as the objectives and principles that determine its agenda and actions.

## Introduction

Processes of democratisation in the late 20<sup>th</sup> century on the international scene have been marked by both a wealth of experiences and by the capacity for innovation. Out

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1. The co-authors of this article are the following managers of the economic and social councils or similar institutions that currently form part of the Management Committee of the CESALC Network, and of the ESDC of Rio Grande do Sul, which coordinated the preparation of the initial project for the Network: Gustavo Porras – President of the Economic and Social Council of Guatemala; Ronaldo Küfner – Secretary of the Secretariat of the Economic and Social Development Council of Brazil; Sergio Abrevaya – President of the Economic and Social Council of the Autonomous City of Buenos Aires; Enrique Michel Velasco, President of the Economic and Social Council of Jalisco; Zelmute Marten, Executive Secretary of the Economic and Social Development Council of Rio Grande do Sul.

of multiple authoritarian regimes in Latin America and Europe came processes in which political activity was enriched by intense participation by civil society, which led to the creation of new fora in which a multiplicity of social agents took a more intense role in processes of political decision-making.

Mechanisms for participation have arisen in the democratic context with the aim of complementing the representative institutions, facilitating the inclusion of citizens beyond their capacity as voters. With re-democratisation and stable democratic institutions, a new political period started in which a concern became apparent for quality in decision-making processes. In other words, the proposal for radicalisation of democracy aims to multiply the possibility and experiences of participation, so that citizens can play an active role in the everyday politics of their locations, guiding public administrators and being heard in the debate on policies.

The creation of economic and social councils (ESCs) with civil society representation forms part of the participatory process of dialogue and discussion on public administration. This recognition of civil society as a relevant political agent in the democratic process of designing policies is the main assumption behind the creation of economic and social councils on an international level.

Over the last two decades, the ESCs have become important tools in politics. In the European context of welfare states, the Councils played an important role in ..... They proposed numerous agreements and encouraged the debate on extensive institutional reforms, achieving cooperation between the State and civil society.

There are important problems today that can only be resolved through public debate. They include universal matters of interest for the whole of society such as environmental sustainability, public control of the State and transparency in the fight against corruption. These are matters that can only be dealt with through democratic social dialogue.

An economic and social council can agree to submit a wide range of topics, complementing the representative democracy that has to resolve conflicts in parliaments, parties and electoral debates. The Councils have a historic role to play in this process and can use a number of tools to promote participation. The advancement of democracy and the subsequent promotion of free debate create the conditions in which institutions such as economic and social councils and other similar institutions can be created and consolidated. Society demands the creation of such fora, and governments accept them and, in some cases, take the initiative to create them.

Over recent decades, Latin America and the Caribbean have seen a virtuous circle in which democratic spaces have expanded, bringing together elements such as development, income distribution and the sharing of public decisions, generating conditions in which new fora for participation arise, such as the experience of the Councils.

The fact that this phenomenon is taking place (in various countries in the region), in a similar way and simultaneously, leads us to reflect, once again, that it is inevitable and advisable for us to follow this path together. There can be no doubt about the many advantages of the Latin American and Caribbean countries seeing each other as allies, helping each other, sharing experiences and searching for common solutions.

## The process of building the CESALC Network

The Network of Economic and Social Councils of Latin America and the Caribbean (CESALC) has arisen in this context of stronger democracy and participation but, also, as a result of the effort to promote integration and expand cooperation among the countries of the region. The CESALC is one of a number of efforts aiming to promote social participation, dialogue and democracy, focusing on the development of the necessary economic, social, environment, political and cultural aspects. The proposal for its creation arose out of discussions between representatives of economic and social councils and similar institutions in Latin America and the Caribbean. Numerous meetings, seminars, fora and other national and regional activities fostered greater contact between these important agents in Latin America and the Caribbean.

In November 2011, several councils from the region met in Santo Domingo, Dominican Republic, for the *International Latin America and Caribbean Conference: the role of economic and social councils in social dialogue*, which was promoted by the Dominican Republic Economic and Social Council, with participation by the International Association of Economic and Social Councils and Similar Institutions (AICESIS) and the International Labour Organisation (ILO).

In December that same year, several councils in the region participated in Porto Alegre – Rio Grande do Sul, in Brazil, in the *First Ibero-American Meeting of Economic and Social Councils* organised by the Economic and Social Development Council (CDES) of Brazil and the Economic and Social Development Council of Rio Grande do Sul (CDES-RS), together with the councils from Spain and Portugal, as well as the Ibero-American General Secretariat (SEGIB). Other specific events carried out over recent years also helped foster dialogue between the Latin American and Caribbean ESCs.

It was in this context of increasing contact that the councils of Aruba, Brazil Rio Grande do Sul (Brazil), Curaçao, Dominican Republic, El Salvador and Saint Martin met in Rio de Janeiro, in June 2012, to share information and open up new possibilities for dialogue in Latin America and the Caribbean. On the occasion of the presence of these councils at the United Nations Conference on Sustainable Development – Rio+20 and at the General Assembly of AICESIS, the Brazilian ESDC organised a preliminary dialogue on ways of expanding cooperation and exchange between the ESCs of the region.

On 30 October 2012, the first meeting was held with the specific objective of reaching an agreement on the creation of a network of Latin American and Caribbean economic and social councils and of discussing the initial project, separately from the *Meeting of Ibero-American Economic and Social Councils*, in Madrid, Spain. Present at the meeting held in the offices of the Ibero-American General Secretariat (SEGIB), were the Councils of Brazil, Rio Grande do Sul (Brazil), Pernambuco (Brazil), Distrito Federal (Brazil), Jalisco (Mexico), Distrito Federal (Mexico), Guatemala, Honduras, Dominican Republic and Panama. The council representatives present completed and approved the initial project and showed interest in advancing in the design of the Network and in reaching agreements to strengthen and create institutions for social dialogue in the different countries.

The general aim of the CESALC, as stated in the initial project, is to build up a permanent Network as a forum for interaction, cooperation and collective construction, taking into account the specific and converging features in the region as well as the strategic importance of greater contact and shared action and also the relevance of dialogue between social agents and governments to achieve inclusive, sustainable development that will strengthen democracy. In line with the initial project for the Network, its specific objectives are:

**Figure 1. Specific objectives of CESALC**

I. To build an environment of dialogue and sharing of knowledge, facilitating knowledge on existing experiences and promoting the creation of a shared agenda for discussions and new possibilities for cooperation.

II. To strengthen the Economic and Social Councils and similar institutions which are members of the Network, understanding the challenges faced by each of them and shared challenges, seeking to promote processes for improvement and innovation of the instrument, and expanding the impact and results of the dialogue.

III. To spark debate on national and international topics and their impacts on countries in Latin America and the Caribbean, involving the representatives of civil society that belong to the Network. To ensure that the results of debates reach government and society in the form of recommendations and proposals.

IV. To encourage and support the constitution of similar bodies both in national states and also at sub-national level, in the states, municipalities and provinces of the countries in the group.

A proposal was also made in Madrid for another meeting in Brasilia, Brazil in 2013 for the purpose of discussing matters of mutual interest and to present a virtual platform



with information on the councils, including the legal framework for each institution, its composition, functioning, instruments, dialogue products, etc. The CESALC website<sup>2</sup> is a virtual space for facilitating the sharing of information on the actions and activities of each council participating in the Network. The Brazilian ESDC created the website and drafted the usage manual, sharing it with the members of the Network. In this process of building the site, with support from the European Union (EU) Programme for Social Cohesion in Latin America – EUROsociAL, and from the Spanish Economic and Social Council, the ESDC was able to share experiences with ESC Link, the network of councils in European countries which is coordinated by the European Economic and Social Council (EESC).

As determined at the meeting held in 2012 in Madrid, the text of the initial proposal for the Network was submitted to the interested economic and social councils. In addition to the opportunity to review the initial project and send in suggestions for amendments or additions, the councils also received a form entitled “Letter of Membership”. This aimed to gather general information on all the ESCs, such as the legislation supporting their creation, to be made available on the Network website. The ESDC and the ESDC-RS were to receive and take note of suggestions and also to receive the letters of membership confirming the councils’ entry into the Network. Since then, new economic and social councils have joined, both national and sub-national. They are listed in Figure 2.

**Figure 2. Countries with economic and social councils or similar institutions participating in CESALC**



2. The Cesalc website, in Spanish, Portuguese and English, has been in operation since 2013: <http://www.cesalc.org>

In July 2013, a new activity was carried out in Brasilia to progress towards creation of the Network. It was named CESALC – Network of Economic and Social Councils of Latin America and the Caribbean. The meeting was organised by the Brazilian ESDC, with support from the Councils of Rio Grande do Sul (CDES-RS) and Distrito Federal (CDES-DF), as well as the EU EUROsociAL programme. The activity took place in parallel to the International Seminar on Development which celebrated the tenth anniversary of the Brazilian Council, so that the international guests could hear about the dialogue taking place in the ESDC.

The CESALC meeting in Brasilia aimed to step up interaction and dialogue among council members, technical secretariats and professionals in the various institutions participating in the Network, to study the subject of the network society which implies movement of knowledge, cooperation, sharing and opportunities for integrated development in Latin America and the Caribbean; and to discuss the Network's priorities for action, taking into account possible opportunities and matters relating to the organisation and management of this innovative initiative. It resulted in the "Chart of Brasilia", a document that summarises the achievements and commitments established. On that occasion, the Economic and Social Council of Buenos Aires offered to host a subsequent meeting of the Network in 2014, in Buenos Aires.

## **The fight against poverty as a priority**

After these initial meetings to consolidate the Network, it was then necessary to continue the discussion on the model of governance and the main priorities. The councils also decided to start themed debates and exchanges, meeting in Madrid, Spain, on 3 and 4 December 2013, on the occasion of the international conference of AICESIS and ILO "The role and impact of the Economic and Social Councils and Similar Institutions in response to the global financial, economic and employment crisis". The representatives of the Councils of Brazil, Buenos Aires, Curaçao, El Salvador and Honduras chose the challenge of reducing poverty in the region as the theme for the next meeting of CESALC. This choice was in line with the debates held in Brasilia, where the councils stressed social policies as the main topic for sharing information and experiences.

The fight against poverty is not a recent topic present only on the current agenda of Latin America and the Caribbean, which has spent decades discussing paths towards development with social inclusion. Poverty is still on the agendas of governments and civil society and on that of the regional fora for Latin America and the Caribbean. According to the publication by the Economic Commission for Latin America and the Caribbean (CEPAL), "Social Panorama for Latin America 2013", in 2012, 28.2 % of the Latin American population was poor and extreme poverty reached 11.3%. This means that 164 million people are poor and, of them, 66 million are extremely poor. According to this study, there has been a reduction in poverty rates in Latin America and the

Caribbean by an average of 15.7 percentage points since 2002. There has also been a significant drop of 8 percentage points in extreme poverty, although the rate of this fall has decreased in recent years.

The fight against hunger, poverty and inequality in Latin America and the Caribbean was the topic chosen for the 2<sup>nd</sup> Summit of the Community of Latin American and Caribbean States (CELAC), held on 28 January 2014 in La Habana, Cuba, which was attended by Heads of State and Prime Ministers in the region. CELAC is a mechanism for political discussion and integration which is based on total respect for democracy and human rights. It includes thirty-three countries in South and Central America and the Caribbean, and was created in 2010 as a result of a historic decision by the Heads of State and Prime Ministers of the Latin American and Caribbean countries.

Therefore, in this same regional context of fighting against imbalance, the economic and social councils and similar institutions participating in CESALC decided, at their second meeting held in Buenos Aires in April 2014, to promote debate and the sharing of information and successful experiences as well as progress and challenges in social policies, especially with regard to the fight against hunger and poverty in the region.

The second meeting was organised by the Economic and Social Council of the Autonomous City of Buenos Aires and participants included representatives from the councils of Argentina, Brazil, El Salvador, Guatemala, Honduras, Mexico, Panama and the Dominican Republic. Also present were representatives of the European Economic and Social Council (EESC), the Spanish Economic and Social Council / EUROsociAL programme, the International Association of Economic and Social Councils and Similar Institutions (AICESIS), among others.

The participants at the Buenos Aires meeting discussed the importance of a multi-dimensional approach to poverty. The Charter of Buenos Aires<sup>3</sup>, the final document issued by the 2<sup>nd</sup> Meeting and the result of panel discussions, includes the main topics for the fight against poverty, including: a) access to quality education; b) access to housing; c) access to health care and quality services, with coordination of public and private management; d) policies for social equity taking into account the cultural singularities of the regions and participation by top-level public administrators; e) policies to promote formal employment and cooperation based on respect for human rights.

The Charter of Buenos Aires also commits to a stronger dialogue on the fight against poverty and related matters in Latin America and the Caribbean, in the context of the ESCs and similar institutions, and in several sectors of society. It also expresses a commitment to public policies to promote social inclusion, the fight against poverty and

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3. The Charter of Buenos Aires is available on the CESALC website: <http://www.cesalc.org>.

sustainable development at national and sub-national level in Latin America and the Caribbean.

## Governance and functioning of the Network

Regarding the governance of the Network, the representatives of the council discussed and approved a Framework for Governance and Functioning for CESALC, initially drafted by the Economic and Social Council of El Salvador. According to this document, "Governance of the Network will be characterised by flexibility and principles, not only by rules. It will be administered by an Administration Committee comprising a maximum of five members of Network Councils, one of whom will be the coordinator and the others providing support. The Administration Committee will be chosen during Meetings with a two-year mandate". The following are the governance principles for the Network as defined in Buenos Aires:

- a) *Answerability*: This means that decision-makers in the Administration Committee and other participants in the Network take responsibility for the results of any decisions taken and when such decisions cannot be implemented. They must respect the standards, rules and objectives agreed.
- b) *Transparency*: in support of answerability, transparency means that Network participants should have access to information on the work of the Network and that the procedures applied by the Administration should also be transparent.
- c) *Equity and inclusion*: equity is closely related to inclusion and refers specifically to the right of each member to be treated equally in the processes of governance and to benefit equally from their results. It means that all the members have equal rights to be heard.
- d) *Sensitivity*: in governance of the Network, sensitivity means that the Administration Committee should act in line with information collected by participatory processes, in ways that benefit all the participants, aiming to establish an agenda that reflects collective demands and needs.
- e) *Defence of human rights*: Network members should promote respect and full protection of human rights – in particular those of vulnerable or marginalised persons – as established by various elements in the UN framework for human rights.
- f) *Solidarity and cooperation*: the Network will be based on the principles of solidarity and cooperation among the representatives of civil society from the various countries. All participants are expected to collaborate actively to ensure that debates are successful and should jointly adopt the commitment to collaborate to strengthen it.
- g) *International collaboration*: The Network will give priority to collaboration among the countries of Latin America and the Caribbean on political, economic, social, cultural and environmental matters. In addition, it will promote South-South cooperation for the sharing of knowledge, technology and resources among develop-

ing countries, in line with basic principles of solidarity, complementarity, equality, non-conditionality and respect for sovereignty.

Regarding the governance and administration of the Network, a working plan was also approved in Buenos Aires for the period 2014-2016, as well as the composition of the Administration Committee. On that occasion, it was decided to expand the proposal of the Administration Committee to include five members. The councils elected for this Committee were the ESDC of Brazil, the Economic and Social Council of the City of Buenos Aires, the Economic and Social Council of Guatemala, the Economic and Social Council of the State of Jalisco (Mexico) and the Economic and Social Council of El Salvador. The last two were also chosen to host the CESALC meetings to be held in 2015 and 2016, respectively.

## Final considerations

The CESALC Network is an initiative that has started out strongly and in 2014 it brings together the councils of nine countries in the region. However, it is still in the process of being built, with constant debate among institutions that until recently did not know each other and had had no opportunity for dialogue. CESALC stands for the consolidation of links for cooperation, beyond governmental bodies and including agents who share common challenges, the most important of which is development with social inclusion.

Strengthening links between similar institutions for social dialogue in Latin America and the Caribbean should also contribute to the success of a strategic option of the regional government; that of expanding and constantly enhancing processes of regional integration in Latin America and the Caribbean. As Latin Americans, we share the challenge of strengthening democracy, reducing poverty and social inequality. In spite of recent progress, these are still important problems in the whole of our region.

We believe in the importance of improving the councils as fundamental, modern bodies for dialogue between governments and society. We believe that strengthening economic and social councils and facilitating interaction between them through the Network will contribute to the strengthening of democracy.



## **Recapitulation of ESC experiences**





## Recapitulation of ESC experiences

### Introduction

#### Case studies, identification of practices, examples

The purpose of this article is to summarise and organise the information provided by the ESCs given in previous chapters in this publication, in order to clarify the profile and operation of the Councils. The contributions received from the ESCs offer a panorama of their situation in the various countries participating in EUROsocial and, precisely because this is information they themselves have drawn up, it gives an idea of their evaluation of the main aspects of their activities.

The technique used is similar to case studies, being based on the sharing of experiences which allows for good practices to be identified. But it is no easy task, and probably it is not even desirable, to identify good practices in the ESCs because the wide range of economic situations and institutional frameworks in their countries makes it difficult to review them as peers, which is essential for identifying good practices, especially if the aim is to classify them.

However, it is precisely this variety of situations that gives rise to a wide, and enriching, range of experiences, offering different practices for different circumstances. Following the method used by Javier Gomá in his reflections on exemplarity of adopting and adapting classic expressions from legal science, in a study like this, the “*vis atractiva*” is more important than the “*vis directiva*”. It is more important to give a strong, attractive example is more important than to lay down guidelines for action. This study does not, therefore, aim to identify good practices for the functioning of ESCs but, rather, offers materials so that readers, especially the ESCs themselves, can identify what they consider best practices. The examples are given in the publication. The extent to which they are good examples must be decided by the readers.

On the subject of diversity, it must be stressed that this publication refers to Economic and Social Councils in the European Union and in Latin America. Some are new and some have decades of experience. Some are not even called Economic and Social Councils, clearly expressing the wide range of models, their composition and their

functions. This is compatible with the fact that different socio-economic situations arise in contexts such as that of globalisation in which, to a greater or lesser extent, the main socio-economic trends occur everywhere.

When we read the contributions from the ESCs, we note a shared background of principles or criteria for their activities. Although they adopt different organisational formulas, they can be structured around certain models or types. If we consider the socio-economic and institutional diversity of the contexts in which the ESCs in EUROsocial operate, there is a considerable number of points in common.

These points in common make it easier to structure the information on Council activities. This structuring starts out from a general idea, which is that the Councils are bodies made up of social partners and representatives of organised civil society through whom citizens can express their criteria on socio-economic matters with a view to exerting an influence on political decision-making. The subjective, objective and procedural elements in this structuring are summarised in the first section of this article.

The information provided by the ESCs can be classified in some cases as stable or static with regard to the different models of ESC – their composition, structure and functions. This information is included in the next section on the institutional framework, the regulating framework of Councils, their composition, the fields in which they act and their methods of action. In other cases, the information can be described as dynamic, as it gives specific examples of how the ESCs have acted in recent years, what topics they have covered, their circumstances and the general guidelines for their actions.

This latter type of information is important because it covers the subject areas on which the ESCs have worked and also because it clarifies the reasons why ESCs act as they do and why they have their specific profiles, also allowing us to reflect on the scope and real effectiveness of their activity. Irrespective of the extent to which their action is determined by their legal and institutional profile, the ESCs operate in a changing socio-economic reality and in changing political contexts. And it must not be forgotten that ESCs comprise economic and social partners and, in some cases, governments, all of which are players in this socio-economic and political environment.

In order to assess these two types of information in the second part of this study, not only do we summarise what we have called static information but we also try to ascertain the features in the context for action that the ESCs describe and the most relevant aspects observed in their action during this period.

The two parts of the article are introduced by tables that include sentences drawn from the ESC contributions which are considered significant because of the criteria they express.

## I. Institutional framework of the ESCs

- The need was felt for a dialogue based on specific aspects, especially the shared interests of the participants, however different their positions on how to reach their goals. It was also perceived that the dialogue should be permanent and limited in scope, to enable participants to consider subjects in depth, with specialisation, avoiding excessive dispersion. It was in these circumstances that the idea of an ESC arose in Guatemala.
- The Economic Development and Social Council of Brazil was based on a constant premise in the government programme presented by the President of the Republic at the time that aimed to build a new social contract in the country. For this endeavour, it was necessary to establish partnerships, involving a representative mosaic of society to absorb the concept of a shared search for a new reality in Brazil.

The creation of the Brazilian Council was an attempt to identify points in common to create a new block of political and social support for the President. Ideological and political debate was to continue in the sphere of party politics.

The EDSC of Brazil uses a formula for work and debate that can be summarised in two types of document: 1. Strategic guideline documents, and 2. Documents on specific situations.

- When the CNEL was established in Italy, rather than just creating a new body, the aim was to stress the importance of the different social partners in the national democratic process. The idea of a pluralistic, dynamic society was affirmed, in combination with the idea of a State based on the principles of vertical and horizontal subsidiarity.
- The ESC of Honduras is a body for dialogue and concertation that was created in the Single Final Act of Concertation signed by representatives from the three sectors (government, employers and workers) on 30 October 2000, on the occasion of negotiation of the minimum wage.
- We therefore talk about institutionalised social dialogue when referring to the ESC of Spain, which is an institutional consultative body for the Government, not including the direct presence of the latter and giving a leading role to the social partners. The social concertation that leads to agreements with direct results does not take place within the ESC even though it does involve the same social partners and uses the same operating technique, that of dialogue to build consensus.
- Bulgaria created its Economic and Social Council based on the model of the European Economic and Social Committee, an independent “civil parliament” without participation by representatives of the legislative or executive powers or other government institutions. The fact that the ESC is a non-political institution amounts to a great advantage for the Council activities, enabling it to work successfully with each government, parliament and President in Bulgaria to date.

In Bulgaria, social dialogue is very well developed and institutionalised and takes the form of the National Council for Tripartite Cooperation. The ESC, unlike the latter, covers matters of civil dialogue which are then discussed further in social dialogue.

- Law 01/12 on the National Development Strategy 2030 makes the ESC of the Dominican Republic responsible for monitoring, through social oversight, the various stages of compliance with the general and specific objectives and the lines of action included in the four strategic areas comprising the vision of the country we wish to build in the long term.
- The Austrian Consultative Council for Economic and Social Affairs was established in 1963 based on an informal agreement among the four main bodies on both sides of Austrian industry – the Federal Economic Chamber, the Federal Labour Chamber, the Trade Union Confederation and the Chamber of Agriculture. This Agreement is amended and updated occasionally as circumstances require. The Council is not, therefore, a legal entity. While it is not based on any legal text, as is the case with the global system for organising social partners in Austria, it is based on an informal, voluntary approach.
- The National Development Consultation Agreements established actions to be taken to achieve integrated development of the Panamanian nation. A Mechanism for Verification and Monitoring was created to guarantee compliance with the agreements. Those responsible for this included the Council for National Development Consultation, which was created as a result of the dialogue and was subsequently established by a Law of the Republic.
- Article 45 of the Constitution of the City of Buenos Aires established that the Economic and Social Council, made up of workers' trade union associations, employers' organisations, professional associations and other institutions representing economic and social life and chaired by a representative of the Executive Power, should be regulated by law. It has parliamentary initiative.
- It is precisely in this framework of a substantial increase in citizen participation in public affairs that a group of representatives from some civil society organisations in Jalisco and local legislators promoted the creation of the Economic and Social Council of the State of Jalisco for Development and Competitiveness, CESJAL.

## I.1. Regulation

In most cases, the ESCs are regulated by law, although there are some cases in which regulation stems from the Executive Power.

There are several cases in which the Law regulating the ESC implements a constitutional mandate as the figure of the Council is covered in the Constitution. In other cases, the ESCs were created in compliance with agreements on processes of social consultation or in the political field.

It is frequent for the legal regulation to be complemented by a norm issued by the Executive Power, aiming above all to regulate the internal functioning of the Council.

The adoption of regulation by law gives an idea of how Councils are seen to play an institutional role, making them part of the stable institutional framework of their

respective countries. Such institutionalisation and stability in the legal status of ESCs make it complicated to reform the profile or composition of Councils, particularly when their legal framework is defined in the Constitution.

However, it seems clear that, when aspects relating to the internal organisation of Councils are covered in rules and regulations, it is easier to adapt them.

In recent years there have been a number of changes in the legal status of ESCs, mostly resulting from changes in their composition to bring in new groups for social representation. This type of change is related to factors of change in the socio-economic and political environment in which ESCs operate, and may in turn be related to expansion of the subject areas on which Councils may act.

Another dimension of the regulation of ESCs is the fact that creating them, and consequently regulating them, stems from state or sub-state public powers. There are various cases of local or regional Councils that are related to territorial power structures in federal-type states.

While there are obviously differences in the type of subjects covered, which correspond to policies to be implemented at the corresponding territorial level, the composition and profile for action of such territorial Councils do not differ much from those of state ESCs.

In a comparative analysis like this one, two characteristics of such territorial institutions should be pointed out. The first is that in several cases they co-exist with the national ESC while in other cases there is only a national ESC. The second is practically the reverse situation, that is, they exist without there being a national ESC.

## **I.2. Composition**

Among the many formulas for composition of ESCs, a common element to all is the presence of employers' and trade union organisations. This may be established in a general way in the regulations, or may be broken down by business or labour characteristics. Such a breakdown may also be on a sector level. For example, organisations in the farming sector may be specifically included, or types of enterprise might be specified, such as SMEs. In other cases, the characteristics of the labour or economic activity may be laid down as, for example, with specific representation of self-employed workers or the social economy.

The cases in which employers' and trade union organisations in general are included can be classified in the table as adopting the Labour Model. When employers' and trade union organisations are included in a more specific way, it often happens that several of these organisations form a specific representative group, in which case this would be included in the table as the Socio-economic Interest Model.

In addition to the representation of employers and trade unions in a more general or more detailed fashion, ESCs often also include representation of what is usually known as organised civil society. A distinction can be made here between those related to the socio-economic activity in the strictest sense and those that represent social interests without a direct connection to the economic activity. The former would continue to fall within the Socio-economic Interests Model, while the inclusion of other types of organisation would bring us to the Social Interest Model. This may include representatives from specific social groups such as young people, organisations that protect assets or interests defined by their purpose, such as environmental protection, or a combination of both, such as non-governmental organisations for social action. In some cases, this representation of civil society in a broad sense includes the academic world, either directly or through the inclusion of experts as Council Members.

Apart from this classification of ESCs defined by the presence of social partners and representatives of organised civil society, the other variable in the structure of ESCs is the presence or absence of the government in the Council. It is therefore possible to speak of two models of ESC, the model that is exclusively made up of social representatives (Social Representation Model) and the model with a mixed composition of social representatives and the Government, even including, in some cases, the Legislative Power (Social Representation Model plus Public Powers). In the latter case, the Council structure is not divided into two halves (one half Government, one half social representatives), but in thirds, with two Groups of social representatives, and one Group of government representatives.

### **ESC Composition: Types**

#### **By types of social representation**

1. Labour model: trade union organisations, employers' organisations.
2. Socio-economic Interest Model: trade union organisations, employers' organisations, social organisations related to economic activity.
3. Social interest model: trade union organisations, employers' organisations, social organisations related to economic activity, organisations representing social interests.

#### **By Government presence**

1. Social representation model
2. Social representation model plus Public Powers

## Some examples of the different models

### Labour model

#### *ESC of Austria*

- Economic Labour Chamber
- Federal Labour Chamber
- Trade Union Confederation
- Agriculture Chamber

### Socio-economic Interest Model

#### *ESC of Spain*

<ul style="list-style-type: none"> <li>• Trade union organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Employers' organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Farming organisations</li> <li>• Fishing sector organisations</li> <li>• Labour economy</li> <li>• Consumers' organisations</li> <li>• Experts</li> </ul>
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### Social Interest Model

#### *EESC of France*

<ul style="list-style-type: none"> <li>• Trade union organisations</li> <li>• Business organisations</li> <li>• Farming</li> <li>• Crafts</li> <li>• Overseas</li> <li>• Cooperatives</li> <li>• Mutual benefit societies</li> </ul>	<ul style="list-style-type: none"> <li>• Associations</li> <li>• Family associations</li> <li>• Young people's organisations</li> <li>• Environmental groups</li> <li>• Self-employed workers</li> <li>• Liberal professions</li> <li>• Qualified personalities</li> </ul>
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## Models for Social Representation plus Public Powers

*National Development Consultation Council. Panama*

<ul style="list-style-type: none"> <li>• National Assembly</li> <li>• Executive Power</li> <li>• Judicial Power</li> <li>• Political parties</li> <li>• Public Health System</li> <li>• Local governments</li> <li>• Higher Education Institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Employers' organisations</li> <li>• Organisations of small and medium producers</li> <li>• Trade union organisations</li> <li>• Professional associations</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights organisations</li> <li>• Women's organisations</li> <li>• Young people's organisations</li> <li>• Organisations to promote social development</li> <li>• Environmental organisations</li> <li>• Churches</li> <li>• Originary peoples</li> <li>• Afro American Ethnic Groups</li> </ul>
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To complete this overview of the composition of Councils, which shows their internal structure from the point of view of the organisations that belong to them and the interests they represent, it is also of interest to consider aspects of the Councils' outward activity.

We can talk of an external dimension of a territorial nature to refer to the relations of ESCs with other institutional bodies representing socio-economic interests at different territorial levels to those on which the Councils operate. In the case of the ESCs that act at a sub-state level, there are formulas for cooperation with the state level based on techniques for sharing experiences either of a general nature or in specific areas, as well as formulas for cooperation with a higher degree of institutionalisation.

Regarding cooperation among Councils in different countries, within Europe CESLink exists for sharing information among a network, and CESALC has generated cooperation of the same type. In both cases, it seems that the use of new technologies that is promoted by networking and an interest in sharing information on Council activity is opening up a line of work with potential that has not yet been fully explored.

Another external dimension of ESC activity is that which places them in contact with other bodies representing socio-economic interests that are not directly present in Councils. For example, there are various formulas for relating ESCs with civil society organisations that are not represented on Councils. Such formulas may be more or less



institutionalised (liaison committees, public hearings) but are significant in the changes taking place in the definition of formulas for participatory democracy. In all events, it seems that the creation of such formulas and their scope are closely related to the breadth of the Council composition and to the field of action of the Councils.

### I.3. ESC topics

#### Some examples of topics covered by ESCs

##### National Council of Economy and Labour of Italy

<ul style="list-style-type: none"> <li>• Labour market</li> <li>• Health care</li> <li>• Migration</li> <li>• Local development</li> <li>• EU policies</li> </ul>	<ul style="list-style-type: none"> <li>• Women</li> <li>• Dimensions of wellbeing</li> <li>• Administration reform</li> <li>• Monitoring of concertation</li> <li>• Observatory on socio-economic Crime</li> </ul>
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##### National Development Consultation Council (Panama)

<ul style="list-style-type: none"> <li>• Verification of compliance with concertation agreements</li> <li>• Guidelines for constitutional change</li> </ul>
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##### Economic and Social Council of Spain

<ul style="list-style-type: none"> <li>• Economy</li> <li>• Taxation</li> <li>• Labour relations, Employment and Social Security</li> <li>• Social Affairs</li> <li>• Agriculture and Fishing</li> <li>• Education and Culture</li> <li>• Health Care and Consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Transport and Communications</li> <li>• Industry and Energy</li> <li>• Housing</li> <li>• Regional Development</li> <li>• European Single Market</li> <li>• Development Cooperation</li> </ul>
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## **Economic and Social Council of the Dominican Republic**

- Institutional, Transparency and Rule of Law
- Education, Health care and Social Protection
- Economy, Productivity and Employment
- Environment
- Emerging and Situational Matters

## **National Economic and Social Council of Ireland**

- Quality and standards in Educational Services, for the Disabled and the Elderly
- Climate change
- Employment services
- SME policy
- Housing
- Wind power
- Strategic reports on the socio-economic situation to prepare concertation processes

## **Economic and Social Council of Portugal**

- Consultation on Bills of Law on Main Options and Economic and Social Development Plans
- Use of EU Funds
- Regional development
- Competence on social concertation, as the basis for tripartite negotiations.

Analysis of the topics covered by ESCs indicates the presence of a number of common elements – on the one hand, employment, labour conditions and social protection systems and, on the other, the organisation of economic activity. Also covered by a considerable number of ESCs are topics such as health care, education, housing and policies for social protection and integration that are not directly related to Social Security systems. And, increasingly but to a lesser extent than the above topics, there are also issues such as the environment or the promotion of equality and, particularly, gender equality. There are also examples that give greater detail when specifying the type of economic policies covered by the ESCs, such as fiscal policies, although the degree of involvement of ESCs in such areas seems to be lower.

In the above-mentioned cases, we could mention sectorial policies, to the extent that policies are related to specific sectors or areas of socio-economic life. And there are also examples of action by ESCs in more general economic or social policies relating to public actions following main guidelines or cutting across various fields of action. Some examples are the specific policies of the EU, actions aiming to promote local development, administration reform or, more generally, plans to promote economic development. The latter are often related to processes of social and political concertation, and therefore involve specific tasks of assessment and monitoring.

Many of the comments made on Council composition could be repeated when analysing the type of topics covered: the common element of strictly socio-labour topics, the widespread inclusion of other socio-economic topics, from social protection systems to environmental issues, and the wide range of experiences regarding other social and economic issues. This should come as no surprise precisely because, since ESCs are bodies for social participation that involve organisations representing a wide range of groups and interests, such organisations become involved to the extent that the interests they represent may be affected by the type of topics covered by the Councils.

#### Some examples of ESC activities

- Guatemala. *ESC report 2013-2014. Social Dialogue and Public Policies*
- France. *Report on the European Union at the crossroads*
- Portugal. *Agreement on updating of the minimum guaranteed monthly wage, competitiveness and employment promotion*
- Brazil. *Strategic points for development*
- Italy. *Report on the labour market: supply and demand for labour, medium-term prospects, analysis of low-paid workers.*
- Honduras. *Mechanisms for fixing the minimum wage.*
- Panama. *Process for verifying compliance with Concertation Agreements.*
- Spain. *Report on the socio-labour situation of people aged 46-64.*
- Dominican Republic. *National Pact on Educational Reform*

### 1.4. Methods of Action

The ways to express the criteria of ESCs may be classified into two major groups. The first one, under one or another designation (usually that of 'Advice'), includes the expression of the Councils' criteria regarding draft legislation or regulations. This is the dimension of ESCs most clearly identifiable with the legal concept of a consultative body, an institution that participates in a formal manner in the procedures to draft rules and regulations. Logically, in this case, although the criteria of ESCs may be the expression of the concerted interests of social partners, the activity of the Councils is of a more marked legal nature and may include a detailed analysis of the articles in draft legislation.

The second group, under one or another designation (usually that of 'Report'), assembles the work of the Councils by collecting descriptions and assessments of the overall socio-economic situation, or of some of its specific aspects or sectors. Obviously, such statements clarify the dimension of ESCs whereby they express the criteria of the socio-economic interests represented in them.

It is important to underline the distinction between actions taken by ESCs upon request of the Executive Power or on their own initiative; it is not uncommon for both possibilities to coexist in different Council models. In any case, it seems that acting on their own initiative may be seen as yet another expression of the autonomy of ESCs, as it provides a broader scope of freedom to their initiatives.

An important factor to be taken into account when analysing the activity of ESCs is the relationship between such activity and social concertation. There are models that make a clear-cut separation between the field of concertation and that of ESCs. In such models, the activity that could be designated as more executive corresponds to concertation: concerted decision-making between social partners with the aim to achieve direct effects in the field of their relationships, or concerted actions between social partners and the Government, whose effects would be achieved both in the field of such partners as well as in public policies. In this kind of model, ESCs are assigned consultative functions in the strictest sense, of expressing the criterion of the social partners in order to influence certain decision-making procedures in which the executive function corresponds exclusively to the Government.

In other cases, an ESC acts as a base or starting point for concertation, exploring the content of possible concertation issues, in such a manner that pathways for negotiation would open up regarding such issues. And there are also experiences of granting ESCs the role of following up and assessing the outcomes of concertation.

We could therefore speak of models of differentiation and models of relationship, although the considerable variety of subjects and matters in both fields would render this distinction somewhat relative.

## II. The activity of ESCs

- In order to fulfil such a complex task as that of promoting social dialogue, working towards the reduction of divisions in society, and participating in governmental decision-making processes to contribute towards the economic and social development of a given country, a certain number of criteria have to be met in terms of representativeness, knowledge, independence and institutional inclusion in legislative and regulatory processes. These four dimensions comprise a complex set that is at times contradictory... It is pondering on the balance between all such dimensions that enables the ESC as an institution to contribute towards building a political culture based on democratic values and social dialogue. (EESC of France)
- Political legitimacy stems from suffrage, though it may be reinforced or weakened as a function of whether the political actors are capable or not of building bridges with other centres of power. (ESC of Portugal)
- This is a time when capital concentrates enormous strength and in which emerging powers arise to question traditional hegemonies, large enterprises feel pressured to provide decent employment and rival powers express deep contradictions, though at the same time deep interests in common. This and more determine one of the particularities of the world today: it is necessary to reach agreements between capital and labour, and among countries. (ESC of Guatemala)
- Edgar Morin expressed concern about the impotence of our political systems when facing this dilemma: by surrendering the essential for the urgent, we end up by forgetting the urgency of what is essential. In a recent report titled 'The Path to a Positive Economy', the economist and writer Jacques Attali regretted that political institutions do not allow for such issues to be covered and seem to lack the power to consider the long term. He suggested that the French EESC should have its mission redefined to become that of long-term reflection. (EESC of France)
- In the description of the evolution of the National Economic and Social Council of Ireland we can appreciate elements of continuity, of significant change and a certain degree of uncertainty as to how the Council is to participate in the political system in the next few years.
- Three connected challenges can be identified. One of them is to propose deliberation and consultative activity for the Government that goes beyond the minimum common denominator of what may be agreed among diverse interests, thus facilitating an authentic solution to problems. The second one is to situate the work of the ESC at the right level, between high-level strategy on the one hand and the hard work of the social partners with the Government on the other. The third challenge, perhaps one of an underlying nature, is to maintain the relevance of the ESC within the context of new governance and the related changes in the nature of business organisations, trade unions and NGOs.
- In order to confront structural problems, a middle term view is of the essence. After that, time is needed. Also needed are gradualism and the capability to correct some aspects of the road map that is to be defined. Moreover, a major, inevitable commitment between the main political forces is also required.

- Structured dialogue is not only information and consultation. Structured dialogue is understood to be a process with rules defined and accepted by all the parties, one that seeks concertation and commitment and holds participants accountable. (ESC of Portugal)
- The ESC has identified a link between an agreed analytical comprehension of social and economic problems, the implementation of a consensual approach regarding distribution issues, and the ability of the Government to adopt a strategic approach instead of a short-term perspective. The highlight is that the concerted approach depends largely on shared understanding of the key mechanisms and relationships in each political area, and it is characterised by a problem-solving approach designed to achieve consensus, in which diverse interests approach joint problems. (ESC of Ireland)
- Another feature of the consultative function of the ESC of Spain, in relation to the amplitude of socio-economic issues addressed, is the general or horizontal nature of the approaches adopted. With these adjectives, the aim is to highlight how broad and general approaches to socio-economic issues can pinpoint the connections between different aspects of socio-economic reality and, in doing so, between the different policies applicable to them.
- The most crucial legislative reforms are submitted to the Greek Parliament by means of the fast-track procedure, in compliance with guidance from different EU memorandums, which means that very little time is left for public concertation or dialogue with and between social partners.
- European citizens perceive the European Union as being incapable of facing today's challenges. This lack of confidence in the European Union became clear in the last European elections which confirmed growing abstention and a rise in Eurosceptics. In this context, many people think the European Union is now facing its last opportunity, and that it will only be able to continue if it comes closer to its citizens and they can identify with it. The European Economic and Social Council (EESC), in its capacity as representative of organised civil society on a European level, has an answer to recovering popular support by adopting its role as a "driver for citizens".

## II.1. Some elements to bring the activity of ESCs into context

Creation, development or transformation of ESCs according to:

- The political situation, and more specifically, processes to consolidate democracy, in several cases after situations of great social tension or even violence.
- Situations in which expectations arise for economic development, growth, or in general, significant changes to the orientation of the economic model.
- The momentum of social concertation processes which, in a significant number of cases, appear related to the political, social or economic situations described above.
- The existence of debates (often sparking the creation of ESCs) on the kind of interests that they ought to represent, or focused on the relationship between ESCs,

Social Concertation, Executive Power and Legislative Power. Regarding the latter two, especially in the cases of newly created ESCs, an initial stage is commonly observed in which the aim is to reconcile the criteria to expand social participation with the need to respect the democratic legitimation issuing from the electoral processes that legitimise Legislative and Executive Powers.

There are experiences to show how the institutional definition of ESCs can make the two principles compatible, with political action and social participation taking place with a variety of dimensions; in some cases we might even speak of feedback processes. Precisely due to the relationship of ESCs with political processes of democratic reinforcement, or with economic situations that may foster growth and social cohesion, such feedback processes may emerge between political action and social participation, and Governments may even be the promoters of such processes.

The experience of creating Councils within the context of democratic consolidation processes may lead them to provide an opportunity to consolidate the role of the social partners beyond the ESCs themselves, as leading players in social concertation and labour relations. The basis for social concertation is the existence of subjects representing socio-economic interests and willing to exercise dialogue with other subjects of this same nature, with mutual recognition vis-à-vis their role as partners, and a disposition for negotiation to be the field for such dialogue. The creation of an institutional framework such as that of ESCs, in which social partners are to work together, may become an opportunity to set the foundations for dialogue that was hitherto insufficient, or to consolidate such dialogue precisely by exercising negotiation on a daily basis.

The major trends in socio-economic change appear as challenges, and sometimes also as opportunities for ESCs. The most significant example is globalisation and its effects on the emergence of a new economic scenario, in which the relevance of emerging economies is changing the perception of economic trends in the different countries. Other changing trends, that may converge with globalisation, such as technological change and the development of new forms of communication in networks, are resulting in changes to the socio-economic environment in which ESCs operate.

There are also issues that do not directly affect ESCs but have an impact on elements forming their framework of action: the role of social partners in economic governance; public powers having to adapt their operations to the limitations to their activity deriving from global economic activity being out of phase with State political powers; or the new social movements and their effects on redefining formulas to render democracy effective.

Particularly in the case of Europe, the economic crisis that started in 2008 is probably the clearest example of recent socio-economic changes with an impact on the operations of ESCs. In some cases, this impact of the crisis on ESCs appears as yet another

element of the effects of the crisis on social dialogue. To the extent that ESCs are seen as formulas for institutionalised social dialogue, the effect of the crisis on social dialogue also translates into effects for ESCs. Although it is not easy to generalise on the effects of the crisis on social dialogue, the overall impression is a negative one, to the extent that the intensity and the outcomes of social dialogue have been reduced during the crisis. The reasons for this could range from the difficulty to achieve social consensus regarding policies marked by austerity all the way to the urgency to adopt anti-crisis measures that hinder the development of concertation processes, due to the reduction in the room for manoeuvre in negotiations related to the smaller margin for “give and take” strategies.

In the case of ESCs, urgency when adopting decisions has often translated into no consultation with the Councils as opposed to what usually takes place when regulations are drafted.

Factors such as the major socio-economic changes and the impact of the crisis also lead to the incorporation of new items in the agenda for social dialogue, with effects also for ESCs. Increasing concern is observed regarding the rise in inequality, which may be even compatible with the reduction of poverty. On the other hand, and largely related to the effects of globalisation such as workforce mobility, interest emerges regarding what is usually called diversity management. Here diversity may refer directly to labour, that is, managing the diversity of human capital in businesses, and may also have a broader social sense, that of societies with complex structures as well as a diversity of interests among citizens.

This context of changes seen from the viewpoint of institutions such as ESCs leads to concern for what could be called the institutional crisis. This idea relates both to the major trends in socio-economic change, as well as to the more direct effects of the economic crisis in regional areas such as the European Union. There is a feeling that the institutional bodies that arose in certain socio-economic contexts, and were designed to manage them, are affected by these transformations. In this sense, the idea of participatory democracy expresses a quest for institutional renewal to renovate democratic legitimisation through social participation. And the issue obviously arises of the role that ESCs may play in developing participatory democracy.

From this standpoint, the concept of governance may be applied to ESCs as an expression of new ways of exercising power that count on a greater degree of citizen participation. And this, which could be seen as an opportunity for ESCs, also emerges as a challenge requiring adaptation. Adaptation of the ESCs’ tasks as well as adaptation regarding the formulas to represent citizens’ interests. There are several examples of changes to the composition of ESCs aiming to bring on board problematic issues such as the environment, or to open the doors to new representative groups. In any case, such changes are related to the approach adopted or the profile of ESCs’ activity and,



accordingly, to their composition. To the extent that a model is chosen that is more closely related to socio-economic issues and where the representation of interests in this field is broad enough, the need for changes will decrease.

## II.2. Some significant features in the description of ESC activities

- The vision of ESCs as elements or institutions of democratic governance or participatory democracy, two concepts that acquire special relevance in the context of phenomena such as globalisation or within the scope of discussions around the institutional crises that have been fuelled by the crisis.
- The importance of identifying common interests among the social organisations represented in ESCs, as well as regarding the Government's position in relation to social concertation.
- The identification of two prerequisites for the institutional legitimisation of ESCs and the effectiveness of their operations: certifying the representativeness of the social partners, and Government attitude regarding their involvement in socio-economic governance.
- The importance of defining the relationship between the activity of ESCs and the processes of social concertation, which in many cases may be seen as complementary.
- The importance for ESCs to address a variety of socio-economic issues, beyond those that are strictly labour-related, in order to foster general approaches that may facilitate establishing connections between the different aspects of socio-economic reality. This is compatible with the importance given in a considerable number of cases to socio-labour issues, and for such issues to become a relevant or stable element also in such Councils that act beyond these spheres.
- The importance for ESCs to have a broad composition in order to reflect the diversity of dimensions of socio-economic issues.
- The importance of the consensus factor, as an added value that is specific to ESCs, beyond the consultation processes in which different organisations express their more specific viewpoints. In many cases the regulation of Council operating procedures promotes consensus by requiring enhanced majorities to adopt agreements.
- The added value of operating focused not only on the short-term, but also on the middle and long-term outlook. This could be a complementary approach to the general and cross-cutting perspective regarding socio-economic issues.
- The importance for the criteria of ESCs to be built upon a basis of technical rigour, which provides added value to consensus. It is important for ESCs to possess technical infrastructure to provide support to the work of the Council members, also highlighting the role of expert Council members, for instance, those with connections to the academic world.
- To a great extent, regarding characteristics such as the overall approach to activities of ESCs or their technical basis, the ESCs are able to explore issues that could be addressed in social concertation processes, and also to provide a basis for diagnosis or guidance on such issues during social concertation.

- The importance of establishing internal working methodologies in the Councils, in order to ensure smooth operations as well as to rationalise the content of discussions.
- The problems of visibility for Council activity, which in some cases may be related to the characteristics of such activity as they may not necessarily offer short-term or directly executive outcomes.
- The importance of clarifying the relationships between the Councils and social concertation. To this end, it is important to take into account the potential diversity in such relationships: the Councils as forums for concertation, preparing the ground for concertation through the Councils; or when Councils are assigned the duties of following up and assessing concertation agreements.
- The relative frequency with which it seems to be perceived that the opportunities for action by ESCs are not always taken up fully. This may have to do with more situational factors: the impact of the crisis on social dialogue and its repercussion on the activity of ESCs, the effects of the crisis on the operating procedures of Governments, marked by the urgency to adopt decisions, which diminish the importance of outlooks beyond the short term. In other cases, this perception of not making the most of opportunities may also relate to the distribution of spaces between social dialogue and the activity of ESCs, for which purpose, as we have seen, it is important to assign to ESCs activities focusing more on the middle and long term and on overall or cross-cutting approaches.
- The confirmation of the impact of a changing socio-economic and political environment on the activity of ESCs as an opportunity.
- The observation that, in the light of socio-economic changes and of the role of social concertation in governance, there have been some changes in the role and composition of ESCs, or proposals indicating the need for such changes.
- The confirmation that, because of the impact of socio-economic changes on the appearance of new forms of expressing social interests, experiences have been noted such as changes in ESC composition, and the appearance of formulas for relationship between Councils and other areas of social representation.

## Annexes



## **Annex 1. List of actions under EUROSOCIAL II along the strategic line “Social Dialogue. Strengthening Economic and Social Councils” in 2012-2014**

- Training workshop to strengthen the working methodology of the ESC of Honduras / technical assistance to design a strategic plan for 2013 – 2017. Tegucigalpa, October 1<sup>st</sup> to 4<sup>th</sup>, 2012.
- Exchange visit by the Brazilian Economic and Social Development Council to the European Economic and Social Council, January 22<sup>nd</sup> and 23<sup>rd</sup>, 2013, relative to the design and management of the European CESLINK network.
- Workshop on Economic and Social Councils and building consensus on taxation and education, February 21<sup>st</sup> and 22<sup>nd</sup>, 2013, Santo Domingo, headquarters for the Economic and Social Council of the Dominican Republic.
- Technical assistance to the Economic and Social Council of Honduras to draft a proposal for a new regulatory framework, Tegucigalpa, April 2<sup>nd</sup> to 5<sup>th</sup>, 2013.
- Visit to the Economic and Social Council of Spain by a delegation of the Economic and Social Council of Guatemala to learn the process to draft a Socio-economic and Labour Report in Spain. Madrid, headquarters of the Economic and Social Council, March 19<sup>th</sup> to 22<sup>nd</sup>, 2013.
- Workshop on the operation of the General Secretariats or Technical Secretariats of the Economic and Social Councils, with the participation of the General or Technical Secretariats of the Economic and Social Councils of Brazil, El Salvador, Spain, Guatemala, Honduras, Ireland and Panama. Madrid, headquarters of the Economic and Social Council of Spain, April 9<sup>th</sup> to 12<sup>th</sup>, 2013.
- Institutionalized workshop on the role of institutionalized social dialogue in participative democracies. Panama City, June 12<sup>th</sup> and 13<sup>th</sup>, 2013.
- Specialized attendance to the III International Forum of Economic and Social Councils and launching of the CESARCO initiative. Guadalajara (Mexico), June 24<sup>th</sup> and 25<sup>th</sup>, 2013.
- Training workshop on consensus building towards social cohesion in Vocational Training, directed to the Economic and Social Council of Honduras. Tegucigalpa, July 8<sup>th</sup> and 9<sup>th</sup>, 2013.
- Technical Assistance to draft a Socioeconomic and Labour Report in Guatemala. Guatemala City, July 10<sup>th</sup> and 11<sup>th</sup>, 2013.

- Meeting of the Network of Economic and Social Councils of Latin America and the Caribbean (CESALC). Itamaraty Palace - Brasilia (Brazil), July 17<sup>th</sup> to 19<sup>th</sup>, 2013.
- Exchange visit to the Economic and Social Council of the Netherlands by delegations of the Economic and Social Council of Guatemala, the Economic and Social Council of El Salvador, The National Councils for Consultation and Development of Panama and Mexico. The Economic and Social Councils in the European Union: the Netherlands (SER), Spain (CES) and Italy (CNEL). The Hague (the Netherlands), September 24<sup>th</sup> to 26<sup>th</sup>, 2013.
- Dialogue workshop for consensus building on Social Security, directed to the Economic and Social Council of Honduras. Tegucigalpa, September 30<sup>th</sup> and October 1<sup>st</sup>, 2013.
- High-level regional workshop on Economic and Social Councils and consensus building in Europe and Latin America. Headquarters of the Training Center of the Spanish Agency for International Cooperation and Development, Antigua, Guatemala, November 18<sup>th</sup> to 20<sup>th</sup>, 2013.
- Preparatory Meeting for the II Meeting of the Network of Economic and Social Councils of Latin America and the Caribbean (CESALC). Buenos Aires, Argentina, February 20<sup>th</sup>, 2014.
- II Meeting of the Network of Economic and Social Councils of Latin America and the Caribbean (Regional Meeting). Buenos Aires, Argentina, April 9<sup>th</sup> to 11<sup>th</sup>, 2014.
- Technical assistance in the development of the Law and Regulations of the future Economic and Social Council of Panama. Panama City, April 22<sup>nd</sup> to 25<sup>th</sup>, 2014.
- Working session on consensus building around the paper "First Socioeconomic Report" of the Economic and Social Council of Guatemala and the strategies for its dissemination. Guatemala City, July 29<sup>th</sup> to 31<sup>st</sup>, 2014.
- Dialogue workshop for consensus building on Social Security. August 5<sup>th</sup> and 6<sup>th</sup>, 2014, Tegucigalpa (Honduras)
- Seminar on the occasion of the presentation of the paper by the Economic and Social Councils in the European Union and Latin America. Headquarters of the European Economic and Social Council, Brussels (Belgium), December 16<sup>th</sup> and 17<sup>th</sup>, 2014.

## Annex 2. Internet

<a href="http://www.eurosocial-ii.eu">www.eurosocial-ii.eu</a>	EUROsociAL II Programme
<a href="http://www.europa.eu">www.europa.eu</a>	European Union
<a href="http://www.eulacfoundation.org">www.eulacfoundation.org</a>	European Union – Latin American Foundation (EULAC)
<a href="http://www.ilo.org">www.ilo.org</a>	International Labour Organisation (ILO)
<a href="http://www.consejo.gob.ar">www.consejo.gob.ar</a>	Economic and Social Council of the City of Buenos Aires (Argentina)
<a href="http://www.facebook/consejociudad">www.facebook/consejociudad</a>	Economic and Social Council of the City of Buenos Aires (Argentina)
<a href="http://www.twitter/consejociudad">www.twitter/consejociudad</a>	Economic and Social Council of the City of Buenos Aires (Argentina)
<a href="http://www.cdes.gov.br">www.cdes.gov.br</a>	Council for Economic and Social Development of Brazil
<a href="http://www.esc.bg">www.esc.bg</a>	Economic and Social Council of Bulgaria
<a href="http://www.ces.es">www.ces.es</a>	Economic and Social Council of Spain
<a href="http://www.lecese.fr">www.lecese.fr</a>	Economic, Social and Environmental Council of France
<a href="http://www.oke-esc.eu">www.oke-esc.eu</a>	Economic and Social Council of Greece
<a href="http://www.ces.gob.gt">www.ces.gob.gt</a>	Economic and Social Council of Guatemala
<a href="http://www.ceshonduras.hn">www.ceshonduras.hn</a>	Economic and Social Council of Honduras
<a href="http://www.nesc.ie">www.nesc.ie</a>	National Economic and Social Council of Ireland
<a href="http://www.cnel.it">www.cnel.it</a>	National Council for Economy and Labour of Italy
<a href="http://www.cesjal.org">www.cesjal.org</a>	Economic and Social Council of the State of Jalisco for Development and Competitiveness (Mexico)
<a href="http://www.concertacion.org.pa">www.concertacion.org.pa</a>	Council for National Agreement for Development of Panama
<a href="http://www.ces.pt">www.ces.pt</a>	Economic and Social Council of Portugal
<a href="http://www.ces.org.do">www.ces.org.do</a>	Economic and Social Council of the Dominican Republic
<a href="http://www.eesc.europa.eu">www.eesc.europa.eu</a>	European Economic and Social Committee
<a href="http://www.cesalc.org">www.cesalc.org</a>	Network of Economic and Social Councils of Latin America and the Caribbean









**EUROsociAL** is a regional cooperation programme between the European Union and Latin America for the promotion of social cohesion through support for national public policies and the strengthening of the institutions that put them into practice. EUROsociAL aims to promote a European-Latin American dialogue about public policies surrounding social cohesion. Its aim is to contribute to reform and implementation processes in ten key areas of public policy in certain thematic areas selected for their potential impact on social cohesion. The instrument provided is that of institutional cooperation or peer-to-peer learning: the exchange of experiences and technical advising between European and Latin American public institutions.

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The purpose of this book is to offer to every person interested in the topic information about best practices, positive experiences, challenges and difficulties of Economic and Social Councils and similar institutions of Latin America and the European Union that have taken part in EUROsociAL. In the last two years there has been significant progress in many Councils in terms of technical, working and organizational capacities, modernization of legal frameworks or strengthening of consensus-building and social impact.

We believe that this information can be a tool for reference, reflection or inspiration in the specific processes of promotion of consultation institutions of social and economic partners, of strengthening social dialogue and, in the end, of the role that economic and social partners can play in decision-making processes in participatory democracies.

This book contains the contributions from the Economic and Social Councils or similar institutions of Austria, Brazil, Bulgaria, Spain, France, Greece, Guatemala, Honduras, Ireland, Italy, Panama, Portugal, Dominican Republic, Spain, European Union, Buenos Aires, Jalisco, CESALC, as well as FIIAPP Foundation, EULAC Foundation and the International Labour Organization.

The book is available in English, in Spanish and in electronic version.

