

**“PORTUGAL – DEEPENING STRUCTURAL REFORM TO SUPPORT GROWTH AND
COMPETITIVENESS”**

UGT-P note to the document endorsed by the Secretary-General of the OECD

First and foremost, UGT-P must stress the fact that the above mentioned document is not an official OECD document even if published, presented and somehow publicly endorsed by the Secretary-General of that institution.

Therefore, we cannot but start by expressing our doubts about the relevance, adequacy and political opportunity of the presentation of a document of such a nature, especially when it appears on a particularly delicate moment for Portugal with the end of the economic and financial assistance program and when there are ongoing discussions at national tripartite level on a series of issues addressed in the report (minimum wage, income policies and wage setting mechanisms, labour law, active labour market policies...).

The document, which claims to be an input to the Portuguese policy makers, continues to ignore the fundamental need of specific policies to promote growth and employment, reaffirms the centrality of fiscal consolidation as the only path to achieve those goals and resumes and/or reinforces a set of recommendations that have been for long contested by the trade union movement.

When ILO, TUAC and national social partners advise and recognize the major role and need for an increase of the Portuguese minimum wage (which is presently and since 2011 set at 485€), and even the Portuguese Government already showed its availability to such an increase during 2014, the report insists on keeping “the minimum wage unchanged until there are clear signs of labour market recovery”.

The report is even contradictory since, when making a general evaluation of the structural reforms that were implemented under the Troika, it highlights and recognizes the existence of “positive trends” and positive economic indicators.

Moreover, and as trade unions, we must recall that the minimum wage has a major social role and its increase cannot and must not be determined only by economic and competitiveness factors, as it seems to be the case in the document.

As we previously mentioned, the report also disregards the fact that there is an ongoing tripartite discussion about a possible medium term agreement on minimum wage and the recognized need by all parties involved - for both economic and social reasons – of an increase in 2014.

The increase of poverty and inequalities in Portugal since 2011, as clearly indicated by the national statistics, make the increase of the minimum wage not only an economic but especially a social imperative.

It must be underlined that the period since 2011 is not addressed in the report, even if there is available information, leading therefore to some mislead conclusions.

So, we can hardly state, as the report does, that social solidarity has been and is protected when the existing numbers show exactly the opposite. On the contrary, and due to many of the imposed reforms, Portugal faces serious concerns regarding social protection coverage and social cohesion.

UGT-P must also point out some concerns considering the report recommendations on labour market performance, mainly focused on labour law, collective bargaining and employment policies.

Once more, in line with the views of the Troika, this new document reaffirms the need to further deepen some reforms, insisting on more flexible labour legislation and on the dismantling of sectoral collective bargaining, ignoring even recent tripartite agreements on issues relevant to promote collective bargaining such as the criteria for the extension of collective agreements.

The main driver of those reforms is, of course, an explicit goal of achieving a further reduction of labour costs and of the incomes of workers and pensioners.

Also about employment protection the report is fully in line with the views and measures proposed by the Troika, suggesting a further reduction of unemployment benefits by making

those benefits “less dependent on age and to shorten it for older workers”, completely ignoring that a large number of the unemployed have no unemployment protection whatsoever (52%).

We recognize that the presented document contains some isolated recommendations we deem as relevant, namely on the need for more and better adult education and training or the reinforcement of active labour market policies.

Nevertheless, and analyzing the report as a whole, UGT-P cannot but conclude, as we already stated, that it continues to bypass the real challenges of economic growth and of quality employment creation, insisting on a single path of austerity and social insensitivity that ignores the national context and even national social dialogue (vg. on minimum wage or collective bargaining), a path that we have always rejected and has already proven itself to be a failure.

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Carlos Silva
General Secretary