

# THE IMPACT OF SOCIAL DIALOGUE ON DEVELOPMENT AND SOCIAL INCLUSION IN URUGUAY

Case Study: The National Dialogue on Social Security in Uruguay

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PIT.CNT

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## Foreword

The content of this study and its conclusions reflect the role and value of social dialogue in Uruguay from the year 2005 to 2015. It is however important to note that social dialogue, like any form of dialogue, could be broken at any moment and the progress made through the years can shift due to a change in government or in the attitudes of the actors involved. This study has therefore to be taken in its specific context as a snapshot of what social dialogue can achieve with the good will of its actors. The best way to guarantee the contribution of social dialogue to development is by institutionalising it, and even then it is not exempt from obstacles.

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## I. URUGUAY: POLITICAL, ECONOMIC AND SOCIAL CONTEXT

Over the past ten years, Uruguay has experienced extraordinary economic, political, social and institutional changes. It is difficult to analyze changes of this magnitude without providing a brief background on the circumstances in which they occurred and their origins.

In March 2005, for the first time in the history of the country, a center-left coalition took office: the *Frente Amplio-Encuentro Progresista*. At that time, the country was just beginning to recover from one of the deepest crises in its history which reached its apex in 2002. The new administration faced a highly complex economic, social and institutional context. Between 1999 and 2002, domestic production dropped 15% in real terms and 46% in US dollars. Both public and private debt, which had skyrocketed during the crisis, reached unsustainable levels: public debt exceeded 100% of the GDP, meaning that the entire annual production of the country was insufficient to cover its public debt.

At the social level, poverty rose to dramatic levels, affecting one million inhabitants in a country with a population of just over three million, while around 200,000 people were living under extreme poverty. From the labor standpoint, unemployment and job insecurity had increased: unemployment grew to 20% of the economically active population in just a few months, and job insecurity or lack of coverage by social security was affecting 40% of the employed. In addition, the purchasing power of wages shrank by about 23% in the first half of the decade which, in conjunction with the decline in employment, led to a sharp reduction of the wage bill in the total output, dropping from 34% before the crisis to 27.1% in 2003.<sup>1</sup>

Furthermore, the policies implemented in the 1990s - in line with the structural reforms based on the so-called Washington Consensus - had led to less regulation and less government intervention in the labor market. The subsequent weakening of trade unions, withdrawal of the state from collective bargaining, depreciation of the national minimum wage, new forms of employment contracts, etc. eroded many of the institutional mechanisms that once would have cushioned the effects of the crisis on the labor market. The deep impact of the crisis on the labor market – both through its impact on employment levels and the creation of employment insecurity – also affected the social benefits to which the population, particularly low income groups, were entitled to. This was due to the fact that, since its inception, the country's social protection system was closely linked to employment – most transfers were contributory and linked to wage labor.

In this context of harsh internal and external imbalances, the economic policy of the new government sought to establish a macroeconomic strategy which addressed debt problems –

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<sup>1</sup> “La masa salarial 1998-2010” Cuesta Duarte Institute (2011).

which were posing severe restrictions on economic policy management – and attempted to restart economic growth, while rapidly addressing the deep social crisis that had emerged throughout the previous years. Thus, social policy was considered a clear and explicit priority of macroeconomic policy and a battery of measures and programs were urgently implemented in order to reduce the huge social debt.

The economic policy of the new administration also included a series of structural reforms, which were gradually implemented throughout *Frente Amplio*'s first term in office, including reforms of the tax and healthcare system. Unlike within previous administrations, economic and social policy were considered on equal standing for the first time, seeking to integrate them as inalienable elements of a strategy for development.

The other fundamental difference in the political actions of the *Frente Amplio* administration was the introduction of a consultative process for public policies. Both for the implementation of the abovementioned structural reforms, as well as for other areas of public policy, the new administration opened a space for social dialogue (with varying degrees of impact and institutionalization) in order to promote the involvement of civil society organizations in the policy-making process. The Uruguayan trade union movement has been afforded a privileged role within the dialogues on labor policy, as well as other subjects which, albeit not closely related to labor issues, contribute to development and social inclusion. Hence, the trade union movement has much to contribute in this regard.

### i. Economic Growth

After the deep socioeconomic crisis experienced in Uruguay between 1999 and 2002, in 2003 the economy was once again on the path to growth, and between 2004 and 2014 the Uruguayan domestic production rose by 69.7%, with an average annual growth of 5.4%. The most significant cycle of expansion of the national economy was therefore achieved firstly because of uninterrupted growth spanning over 12 years and secondly because of its magnitude, reaching rates well above the country's historical average. Although growth slowed down noticeably in 2014 and early 2015, the country is still on a positive path and annual growth rates of approximately 2.5-3% are expected for the next three years (see Statistical Annex, Graph 1).

As shown in Table 1 of the Statistical Annex, between 2004 and 2014 domestic output quadrupled in current dollar prices, rising from nearly 13.7 billion current dollars to 57.5 billion dollars in 2014. By the same token, per capita product rose from 4000 dollars to 16,641 dollars in the same period, with the country becoming internationally classified as an upper-middle income country.

## ii. Key Labor Market Indicators

The labor market was a key factor in the rise of the standard of living, as well as in overall poverty reduction and more equitable income distribution. Unlike what had happened at other stages of the country's economic growth<sup>2</sup>, this time the growth in production was accompanied by a greater demand for labor, with key labor market indicators showing significant improvements. The labor force participation rate and the employment rate rose, unemployment declined, and the country achieved its lowest ever recorded unemployment rate.

As shown in Table 2 of the Statistical Annex, in the last decade the labor participation rate, defined as the ratio of the economically active population to the working age population, rose from an average of 58.7% in 2004 to nearly 65% in 2014. The improved prospects of the labor market during this period encouraged more people to join it, increasing labor supply. The employment rate, defined as the ratio of the employed to the working age population, also rose during this period from 50.9% in 2004 to 60.4% ten years later, reaching a record high of 60.7% in 2011, meaning that slightly more than 6 out of every 10 people of working age were employed.

The unemployment rate (ratio of the unemployed to the economically active population), which at the peak of the crisis in 2002 had reached an annual average of 17.2%, had declined to 12.4% of the economically active population in 2004 and then to 6.6% in 2014. The lowest ever recorded unemployment rate of 6.3% was reached in 2011.

Economic growth, the rise in employment and the collective bargaining process led to robust growth in average real wages during the last decade, as shown in Graph 2 of the Statistical Annex.

For the first time since records began, real wages increased uninterruptedly for ten consecutive years, accumulating an increase of 51.5% during the decade and growing at an average annual rate of 4.25%. The role of the Wages Council (the Uruguayan collective bargaining format, tripartite and by sectors of economic activity) has been crucial to the rise in the purchasing power of wages regardless of the fact that the good results of the labor market warranted the agreed increments.

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<sup>2</sup> While during the 1990s (1990 to 1998), the Uruguayan economy also experienced an expansion of relevant economic activity, this had no positive impact on the labor market. Although output expanded by 40% in those years and the economy grew at an average annual rate of 3.9%, unemployment rose from around 8% in the early 90s to over 11% in 1998. Furthermore, the implementation of flexibilizing policies increased job insecurity and led to the average real wage increasing by barely 1.8% annually and to a significant dispersion of wages between sectors and among companies at the sector level.

### iii. Poverty and Extreme Poverty

The positive impact of the expansive cycle of economic growth on the labor market, together with the implementation of distributive and social assistance policies within the most vulnerable sectors raised the overall quality of life, with significant improvements in poverty and extreme poverty indicators, and in the distribution of wealth. The increases in employment levels and wages, as well as the host of social policies introduced by the government in 2005 to address the high levels of poverty and extreme poverty in the country, led to a considerable reduction in these levels. In addition to the role played by the labor market, the expansion of the social protection scheme, despite the presence of contributory pillars, was instrumental in reaching the most vulnerable sectors of society who had been previously left out of the coverage as they were outside the formal labor market. In addition, existing benefits targeting formal workers, such as unemployment benefits, health insurance, maternity and paternity leave, contributory family allowances, etc. were expanded and improved.

As a result, poverty levels decreased significantly in the last decade, going from affecting 32.5% of the population in 2006 to 9.7% in 2014, and dropping below 10% for the first time since income methodology research has been conducted. Extreme poverty also dropped from 2.5% in 2006 to 0.3% in 2014<sup>3</sup> (see Table 3 of the Statistical Annex).

### iv. Distribution of Personal Income

Significant progress was also achieved in terms of income distribution according to different indicators of income inequality. Table 4 presents the changes to the Gini coefficient<sup>4</sup>, which decreased from 0.455 in 2006 to 0.381 in 2014, indicating a significant reduction in income distribution inequality. Along the same lines, the 10/1 ratio (ratio between mean income of the first and last deciles: this data shows that the average income of the last decile is much higher than the first decile) went from 17.9 in 2006 to 11.6 in 2014. While growth occurred for both average incomes, the average income of the first decile grew well above the average income of the last decile (99.2% and 29.3% respectively), helping reduce the income gaps between the strata, which declined to 35%.

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<sup>3</sup> Methodological note: in 2006 a household survey with national coverage was carried out for the first time in Uruguay. Previous household surveys only collected data from locations with over 5,000 inhabitants. Therefore, data for the entire country is only available as of 2006. In the case of pre-2006 data, the point of reference is the evolution of locations of over 5,000 inhabitants which, in fact, is not very different to that of the entire country. However, absolute figures for the entire country are presented as of 2006.

<sup>4</sup> The Gini coefficient is an indicator of income inequality ranging between 0 and 1. A value of 0 represents total income equality (everyone has the same income) while a value of 1 represents total inequality (one person has all the income of the society and the rest have nothing).

## II. DIFFERENT EXPERIENCES OF SOCIAL DIALOGUE IN URUGUAY

Uruguay has a long history of social dialogue and a traditionally strong role of the trade union movement in representing workers and the people in general in these spaces. Since the early 1940s, minimum wages per occupational category and by sector of activity, as well as their adjustments, are determined by law in tripartite negotiating boards called Wage Councils. While the Wage Councils are not spaces for social dialogue *per se* (they are not open but made up of representatives of each of the occupational categories and the government), they provide space for exchange and tripartite negotiation. In the same vein, the Ministry of Labor and Social Security (MLSS) and the *Banco de Previsión Social* (BPS – the Social Security Bank), also have tripartite spaces for institutional work where representatives of organized workers participate.

However, in line with changes in the political direction of the country following the reforms proposed by the Washington Consensus in the early 1990s, the government stopped convening the Wage Councils. Consequently, over a 12-year period, collective bargaining failed to fulfill the core role that it had played in the Uruguayan labor market until that point. Increasing the role of the market vis-à-vis the State as policymaker and decisive actor in the economy led to the dissolution of the Wage Councils and also undermined the relevance of these tripartite institutions, discouraging social participation.

As mentioned, with the coming into office of the *Frente Amplio-Encuentro Progresista* in 2005, the approach and focus of policymaking changed to one seeking the involvement of civil society in the discussions on the design and implementation of public policies. Uruguay already had experience of the participative approach due to the existence of government institutes and agencies with tripartite management composed of representatives of the government, workers' and employers' organizations. Examples of this can be found in the tripartite management of the *Banco de Previsión Social*, the body in charge of implementing social security policies in the country, and in the *Instituto Nacional de Empleo y Formación Profesional* (National Institute for Employment and Vocational Training), which operates under the aegis of the Ministry of Labor and Social Security, and is responsible for the design and implementation of training and employment policies. As of 2005, in addition to opening new spaces of tripartite representation<sup>5</sup>, broader-based spaces for social dialogue were sought, involving citizens in the discussion on the design and implementation of public policies in different areas. For this purpose, the **National Economic Council**, which has a

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<sup>5</sup> Examples are the directors of the National Institute of Cooperatives, the Tripartite Commission on Gender and Equal Opportunities that operates under the aegis of the Ministry of Labor and Social Security, the National Council on Health and Safety at Work and the Sectoral Production Councils. They are all tripartite and act as advisors to the ministries to which they are attached, in addition to being also empowered to define and implement policies for their specific areas.

consultative and honorary status, was set up at the end of 2005. Its creation fulfills the constitutional provision to establish a body made up of representatives of the various economic and vocational interests in the country.

According to the law, one of the main objectives of the Wages Council was to instill order into and institutionalize the dialogue between representatives of the economic, vocational, social and cultural interests (employers, employees, pensioners, cooperative workers, academic workers, users and consumers, non-governmental organizations) and the State, and between all of the above and similar bodies in other countries.

The law established that the Council should be composed of 14 worker representatives (12 active workers and 2 retired workers); 14 employer representatives; 3 representatives of cooperatives; 3 members of university faculties; 3 representatives of users and consumers, and 3 more for NGOs with an established contractual relationship with the government.

The National Economic Council set up a number of committees which include representatives of the ministries responsible for these issues. The resulting reports (in some cases consensus reports and in others majority and minority reports) were issued reflecting the vision of representatives in each thematic area.

Another important case of social dialogue was the **National Dialogue on Employment**. It was convened in early 2012 by the Ministry of Labor and Social Security (MLSS) to discuss the main issues affecting the labor market in Uruguay at a time of strong job creation and significant decline in unemployment, targeting trade unions, employers' organizations and civil society organizations linked to labor market and employment policies.

The dialogue was divided into five major themes: i. Youth employment and vocational training; ii. policies to address the shortage of labor supply; iii. matching of the structures evaluating labor supply and labor demand; iv. employment policies targeting different phases of the economic cycle; and v. employment and micro and meso-economic policies.

This dialogue continued throughout most of 2012, with reports from different actors involved in each thematic area presented and discussed and policy recommendations emerging from the discussion – such as the recently approved law on youth employment.

Another example of social dialogue in the country was the **National Dialogue on Social Security (NDSS)**, which will be presented in greater detail below to fully describe its particularities, such as its greater degree of institutionalization. The National Dialogue on Social Security was first convened in 2007 with the main objective of institutionalizing the participation of different civil society actors in the discussion on changes to the social security system. This was a strategic area of the economic and social development of the country, as it sought to cushion the impact of contingencies – such as labor accidents, illness, unemployment, vulnerabilities and old age – on the population.

The Uruguayan trade union movement, represented by the PIT.CNT (the only national trade union center in the country), actively participated in the NDSS, seeking agreements, making proposals and exercising a dynamic impact on the drafting of laws and the implementation of public policies aimed at strengthening the country's social fabric.

The following section briefly describes the emergence of the NDSS, its stakeholders and functioning in each of the two stages in which it was convened, as well as key agreements that achieved significant legislative changes expanding workers' rights.

### III. NATIONAL DIALOGUE ON SOCIAL SECURITY (NDSS)

#### i. Invitation to the first dialogue, methodology and actors

The Sectoral Commission on Social Security<sup>6</sup> was created soon after the Frente Amplio-Encuentro Progresista took office in 2005, at a time when the country was barely emerging from a deep economic and social crisis. The Commission was composed of various government bodies and sought to promote improvements for different aspects of social security. Among other tasks, it was entrusted with organizing and convening a broad-based dialogue on social security. This process, dubbed the National Dialogue on Social Security (NDSS), took place over the course of 2007 and part of 2008.

The overall objectives of the first dialogue were to thoroughly evaluate the existing social security system, prepare inputs for any potential amendments and strengthen democratic governance. It is important to stress that the dialogue, just as the other forms of participation and consultation described above, contrasted sharply with past experiences and expanded the venues for debate beyond the traditional institutions.

The dialogue was based on five thematic areas to be discussed separately and consecutively: 1) Demography and Social Security; 2) Inclusion, Employment and Social Security; 3) Social Security and Social Protection; 4) Coverage and Social Security; and 5) Financing of Social Security. The dialogue also received support from the Universidad de la República (University of the Republic) and international cooperation funding, which allowed for the organization of lectures binational and international experts and the provision of support materials.

Each of these five thematic areas was discussed over the course of three meetings. Once concluded, an Executive Commission was created to systematize the proposals and write a final report, detailing the points of agreement and disagreement.

The format of these meetings was agreed to respect certain basic criteria such as allowing a limited but representative number of participants, maintaining a cautious modus operandi and creating a website to allow citizens to post their own proposals.

50 institutions were invited for each thematic area, of which 50% to 60% actually participated. Among those invited were representatives of workers, pensioners and employers, present in all five thematic groups. Other organizations invited were civil society organizations, the three semipublic pension funds, the four Administrators of Pension Funds

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<sup>6</sup> Its Executive Committee included representatives of the Ministry of Labor and Social Security (MLSS), the Ministry of Social Development (MIDES), the Ministry of Economy and Finance (MEF), the Ministry of Public Health (MSP), the *Banco de Previsión Social* (BPS) and the Planning & Budget Bureau (OPP). A plenary was also held with the wider participation of representatives of pensioners, employers and workers during the board meeting of the *Banco de Previsión Social*.

(APFs), five academic institutions, the four political parties represented in parliament and various government agencies.

## ii. Proposals and participation of workers in the first NDSS

As with other consultative processes, the NDSS dialogue represented a major opportunity for workers for two main reasons. Firstly, as it presented a chance to be heard and promote longstanding proposals on the design of public policies in an area as sensitive for development and equity as social security. Secondly, as it allowed to demonstrate that dialogue and social participation were not an obstacle to the implementation of policies but, on the contrary, enriched the exchange of ideas, contributed relevant perspectives and legitimized the resulting agreements. The trade union movement had a major advantage in addressing this challenge in the form of the established presence of a workers' representative on the board of the Banco de Previsión Social since 1992. This experience had led to the creation of a politico-technical team which had succeeded in building a strong critical mass over the years, greatly facilitating worker participation in the NDSS. As input for the NDSS, the workers' representatives already had an 'Alternative Proposal' approved at the Eighth PIT.CNT Congress in 2003. This comprehensive proposal put forward a number of improvements and sought to reduce the inequities in the existing social security system; it also sought to achieve the financial sustainability of the scheme.

Based on studies showing the difficulties of receiving a pension or another type of benefit at retirement, one of the main proposals was to reform the process of accessing retirement funds, which until then required 35 years of service. Specifically, the proposal suggested that eligibility for retirement could be introduced at 60 years of age and after 30 years of service without affecting the replacement rates in force, as well as providing an early retirement or extended unemployment insurance to dismissed workers of over 50 years of age. With regards to gender considerations, one of the main suggestions was that the lower amounts paid in by women due to time assigned to family care be taken into account at the time of accessing retirement funds.

A discussion was fostered on how to combine the contributory and non-contributory systems in order to ensure protection for the most vulnerable who are excluded from the formal labor market, and therefore make no contributions to the social security system. To tackle this issue, initiatives aimed at strengthening family allowances for children, as well as social assistance programs for the elderly and those living in poverty who do not meet the requirements for retirement, were promoted. The trade union movement had from the beginning opposed the 1996 reform which established a mixed pension scheme in which a solidarity or distribution pillar was supplemented with a pillar of individual savings. The dialogue was seen as an opportunity to question private profit in social security at the expense

of the compulsory savings of workers, and proposing the elimination of Administrators of Pension Funds (APFs). Given that it was politically difficult to carry this change out in the short term, several proposals were made to mitigate the most harmful aspects of the APFs. The measures promoted were, amongst others: a reduction in the monthly fees paid to the APFs by workers; enabling workers to place a greater part of their savings in the solidarity scheme; ensuring more transparency in the way in which insurance firms pay the annuities using mortality tables so that they do not, for example, discriminate against women because of their longer life expectancy.

Regarding employment benefits, the PIT.CNT proposed increasing the basic percentage paid by unemployment insurance and other measures to ease access to these benefits. In addition, proposals were made to significantly raise the ceiling of sick leave benefits to equate it to the existing unemployment benefits.

### iii. The results of the first NDSS

The outcomes of the first NDSS were highly promising. Although in many instances the different stakeholders disagreed on the role and scope of the security system, a number of agreements were reached which resulted in concrete actions in different areas. These agreements, reflected in the final report of the General Executive Committee of the NDSS, provided a key input to the Executive Branch in the implementation of concrete public policies.

Law 18,395 on the flexibilization of access to retirement funds is one of the most important examples of this, as it reduced the requirement of contributions to the system from 35 to 30 years. It also established a two-year extension of a special allowance with contributions for the unemployed of 58 years of age and more than 28 years of service, paving the way to their subsequent retirement. A special calculation of service years is established for women, adding one year of recognized service for each child, with a maximum of 5 additional years. Lastly, certain requirements for accessing pensions due to total disability and for temporary allowances in the case of partial disability were eased.

Regarding social security benefits during employment, a redesign of the unemployment benefit program was agreed and subsequently implemented through Law 18,399. Among other changes, the period of six months of provisions was extended to 12 months for those aged over 50, access to benefits while maintaining a secondary job has been allowed, a scheme of decreasing amounts was established starting from 66% of the salary in the first month of the benefit and increasing the duration of the allowance in the event of economic recession.

These concrete measures, together with others discussed in the dialogue which were already being implemented or would be implemented (such as healthcare reform and the expansion of family benefits among others), resulted in a highly positive outcome of the dialogue. The NDSS allowed for an enriching exchange between the actors and provided relevant input for policymaking aimed at expanding social protection, a fundamental requirement on the path towards development.

The first NDSS also demonstrated the different approaches of the government and social actors vis-à-vis the individual capitalization scheme. In particular, the position of workers on the elimination of profit-making, financial speculation and uncertainty of the benefits that workers were to receive from the individual savings schemes, promoting the elimination of APFs, failed to translate into concrete policy changes.

#### iv. The second NDSS: a more challenging experience

The second NDSS was held between late 2010 and 2012 with the more ambitious goal of addressing outstanding, and contentious, issues more thoroughly. Once again, the Sectoral Commission on Social Security led the organization and political leadership of the event, with the support of the Universidad de la República and international cooperation funding.

Both the actors convened and the methodology applied were similar to the first NDSS. Once again the focus was on five thematic areas: 1) Benefits of labor participation and Unemployment Insurance; 2) Pension savings systems and role of insurance firms; 3) Retirement and Pension System; 4) Social Security Institutions and Management of the Protection System; and 5) Self-employment and social benefits.

In addition to the pension system and the elimination of APFs, the main proposals of the PIT.CNT platform were the implementation of differential replacement rates prioritizing the issues of undeclared employment, part-time retirement, rise in the health benefit ceiling, reform of the system determining entitlements to permanent disability benefits, creation of a wage guarantee fund in cases of employer insolvency, and the regularization and protection of independent workers.

During late 2011 and early 2012 the first thematic area groups enjoyed a greater attendance than at the first dialogue. However, in May 2012, while the second NDSS was in session and without prior notice, the Central Bank of Uruguay, as the regulator of insurance firms, unilaterally decided to lower the technical interest rate. This measure, resulting in a reduction in the annuities of future pensioners for their individual savings, was opposed by workers, pensioners and the employers. The move prompted strong protests by workers and pensioners and greatly hindered the continuation of the dialogue.

Finally, in October 2012, after the government conducted an evaluation of the implementation of this measure, which had not however been reversed, the parties met again. The separation into thematic areas was abandoned and the government put forward for discussions initiatives on which it considered agreements could be reached. The second NDSS was clearly not as positive as the first. The reduction of the technical interest rate, an aspect on the agenda of the second thematic area, transformed the climate of dialogue into a conflict precluding the possibility of reaching agreements through an exchange of points of view. Even so, with a less structured format, it was possible to resume the dialogue and reach agreement on some key aspects.

One of these aspects, implemented through law 19,162, was the possibility of withdrawing from the APFs or revoking the options associated with the mixed pension scheme of a large group of potentially affected persons who had placed part of their savings in these funds. Although the law did not address many of the issues raised by the trade union movement, it was considered a breakthrough which would allow for the further expansion of the freedom of choice and the introduction of other issues, such as discounts for the public sector which would make it convenient for many workers to continue placing half of their savings in the APFs.

Another relevant outcome associated with the second NDSS was the harmonization of retirement and work in the industry and trade sectors under particular circumstances, as enshrined in law 19,006. It reflected the consensus reached between the parties on the shortage of skilled labor in certain sectors of the economy, a problem that could be mitigated by the addition of some retired workers who, while still collecting their pension, could contribute their experience and expertise to the training process. This led to the authorization of partial retirement, i.e. the possibility of retiring and continuing to work half-time while collecting half of the pension.

Finally, the government implemented a gradual rise in the ceiling of the sick leave benefit and modified aspects of the disability measurement system which, as specified by the PIT.CNT, allowed a large number of disabled workers to access these benefits.

## IV. CONCLUSIONS

### **Social dialogue as a democratic setting that strengthens social organizations and improves the quality and sustainability of public policies**

In recent years major economic, political and social changes have taken place in Uruguay, setting the country on a path of growth and economic and social development. These developments arose from profound political changes and a different political approach, which was much more open and participatory than previously. While the implementation of public policies is clearly the responsibility of the State, turning to social dialogue to identify, implement and monitor public policies contributes substantially to both their legitimacy and effectiveness.

Social dialogue brings fresh and different views to discussions on public policy. It allows all actors to learn about the interests of others and to convey their perspectives in a substantiated manner, which is fundamental to policymaking and its social legitimacy. Even when these different outlooks are not incorporated into policies, dialogue in and of itself contributes to the deepening of democracy. It is crucial to legitimize social dialogue spaces by institutionalizing them, ensuring their independence and securing them in their advisory role. If the outcome of the dialogue is not consistently reflected in the resulting policies or if policies are implemented without considering the dialogue recommendations the participation will inevitably gradually decline.

The last decade has seen the development of varying forms of dialogue and social participation in Uruguay. All these spaces have been highly relevant to reinforcing the democratic process and have influenced the quantity and quality of the public policies aimed at achieving a higher degree of development. In addition to the more traditional spaces of participation for the trade union movement, such as issues relating to employment policies and wage-setting, workers, along with other social actors, have participated in discussions on strategic aspects of development such as health, education and social protection. The current invitation to participate in the discussion and in the management of the National Care System proposed by the new government is another example of the ongoing cultural change.

The abovementioned experiences of dialogue have also promoted major quantitative and qualitative growth within the participating organizations, gradually preparing them for future challenges. Through its participation in the social dialogue, the Uruguayan trade union movement has become an increasingly important player in the country, with strong media presence and the ability to influence issues on the development agenda.

## V. STATISTICAL ANNEX

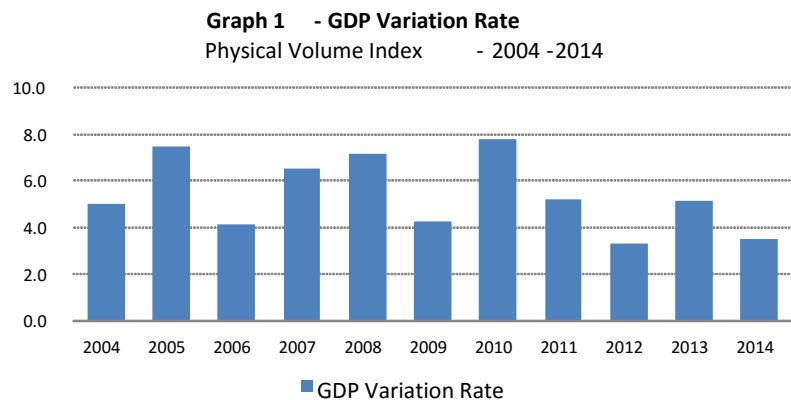


Table 1: Gross Domestic Product 2004 - 2014

	In thousands of US dollars	In dollars per capita	Annual growth rate (%)
<b>2004</b>	13,697,210	4,099	5.0
<b>2005</b>	17,380,324	5,185	7.5
<b>2006</b>	19,600,138	5,837	4.1
<b>2007</b>	23,435,535	6,977	6.5
<b>2008</b>	30,366,648	9,029	7.2
<b>2009</b>	31,660,911	9,372	4.2
<b>2010</b>	40,285,084	11,860	7.8
<b>2011</b>	47,962,936	14,055	5.2
<b>2012</b>	51,385,377	14,997	3.3
<b>2013</b>	57,523,530	16,721	5.1
<b>2014</b>	57,471,277	16,641	3.5

Source: Own research based on the Central Bank of Uruguay and the National Statistics Institute

**Graph 2 - Real Wage Index**  
Baseline Index 1999 = 100 and average annual variation



Table 2: Main Labor Market Indicators

	Labor participation rates (%)	Employment rate (%)	Unemployment rate (%)
<b>2004</b>	58.3	50.9	12.4
<b>2005</b>	58.3	51.5	11.6
<b>2006</b>	60.7	54.1	10.8
<b>2007</b>	62.5	56.7	9.4
<b>2008</b>	62.7	57.7	8.0
<b>2009</b>	63.4	58.5	7.7
<b>2010</b>	62.9	58.4	7.2
<b>2011</b>	64.8	60.7	6.3
<b>2012</b>	64.0	59.9	6.5
<b>2013</b>	63.6	59.5	6.5
<b>2014</b>	64.7	60.4	6.6

Source: own research based on data

Table 3: Percentage of the Population Living in Extreme Poverty and Poverty

	<b>Extreme Poverty</b>	<b>Poverty</b>
<b>2006</b>	2.5	32.5
<b>2007</b>	2.4	29.6
<b>2008</b>	2.5	24.2
<b>2009</b>	1.6	21
<b>2010</b>	1.1	18.5
<b>2011</b>	0.5	13.7
<b>2012</b>	0.5	12.4
<b>2013</b>	0.5	11.5
<b>2014</b>	0.3	9.7

Source: National Statistics Institute



**The Trade Union Development Cooperation Network (TUDCN) is an initiative of the International Trade Union Confederation (ITUC), bringing together affiliated trade union organisations, solidarity support organisations, regional ITUC organisations, the Global Union Federations (GUFs), the European Trade Union Confederation (ETUC) and the Trade Union Advisory Committee to the OECD (TUAC). TUDCN's objective is to bring the trade union perspective into the international development policy debates and improve the coordination and effectiveness of trade union development cooperation activities.**

*Le Réseau syndical de coopération au développement (RSCD) est une initiative de la Confédération syndicale internationale (CSI) réunissant des organisations syndicales affiliées, des organisations de solidarité, les organisations régionales de la CSI, ainsi que les Fédérations syndicales internationales (les fédérations sectorielles - FSI), la Confédération européenne des syndicats (CES) et la Commission syndicale consultative auprès de l'OCDE (TUAC). Le RSCD a pour but de traduire la perspective syndicale dans les débats sur la politique en matière de développement international et d'améliorer la coordination et l'efficacité des activités syndicales dans le domaine de la coopération au développement.*

La Red Sindical de Cooperación al Desarrollo (RSCD) es una iniciativa de la Confederación Sindical Internacional (CSI), que agrupa a diversas organizaciones sindicales afiliadas, organizaciones solidarias (OS), organizaciones regionales de la CSI, las Federaciones Sindicales Internacionales (FSI), la Confederación Europea de Sindicatos (CES) y la Comisión Sindical Consultiva ante la OCDE (TUAC). El objetivo de la red es aportar la perspectiva sindical a los debates políticos y mejorar la coordinación y la eficacia de las actividades sindicales relacionadas con la cooperación al desarrollo.



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