Social democrats and trade unions





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Letter of Presidents

Zlatko Lagumdžija, PhD and Borut Pahor



Dear party and trade union friends,

Modern society and the development of democratic processes in the countries of the South-East Europe have opened a series of issues related to the problems of disempowered male and female workers and their systematic marginalization as one of the most burning ones. The process of globalization and transition at hand in our countries reduced economic and social rights and imperilled economic and social position of workers as well as their position in the society as a whole. In the period when the world is endangered by the global crises, and the European Union is governed by the conservative parties, there is a great risk that the position of workers will additionally deteriorate in the accession process to the EU.

As Social Democrats we are concerned with the situation of labour and trade union rights, particularly related to the situation of young people and increased poverty and social insecurity.

We firmly believe that through dialog, negotiations and agreements we can find solutions for conflicts and conflicting positions between individuals, social and ethnic groups and states. This is the reason why we have decided to organize a Regional Conference "Social Democrats and Trade

Unions – Justice for Workers through Partnership" that will be held on 30 June, 2010 in Sarajevo.

The aim of the Conference is to exchange experiences on dialog and cooperation between social democratic parties and trade unions in the countries of South-East Europe, as well as to initiate the discussion about political-trade union cooperation in order to strengthen, protect and promote labour and trade union rights. Also, our aim is to open a discussion on the challenges of global crises and accession process to the European Union and its consequences for the position of male and female workers in our countries, so as to discuss and find the most appropriate solutions to these challanges. This Conference is a joint activity of the Workers' Council of Social Democrats of Slovenia and Forum of Trade Union Activists of Social Democratic Party of Bosnia and Herzegovina, and it is financially supported by Westminster Foundation from Great Britain. The Conference will be attended by the representatives of social democratic parties and trade unions from the region, as well as guests from Sweden, Great Britain, the Netherlands as well as guests from other related international organisations and foundations.

We look forward to meeting you and your active participation.

Sincerely,

Zlatko Lagumdžija President of SDP B&H

Borut Pahor
President of SD Slovenia

PART ONE

Opening Statement

Besima Boric, the President of the SDP BiH Forum of Trade Union Activists



'Social democrats and trade unions, through partnership towards justice for workers,' is the title which generally reflected the reasons for organizing this regional meeting, and for its goals, said Ms. Boric, opening the meeting. She then proceeded to explain that transition, globalization, and today's global crisis, have pushed aside workers and marginalized their problems and their lives. In the democratic processes which most countries go through, on their road to EU membership, the risk of further loss of rights is increasing. Social democrats do not want to accept such a situation, but actually want to place these issues into the focus of interest and to influence the processes of economic and social development of various countries, together with the trade unions, in a manner which will position workers and their organisations as important subjects on the current scene.

The developmental level of the countries in question is different, as are the level of accomplishments, and the level of experience. The Regional Workshop opened up questions on communication between social democratic parties and trade unions, with the aim of developing quality models and solutions which will also correspond with the level of developmental possibilities, as well as the desired end-state of a welfare state.

Social democrats and trade unions can act together in order to protect, promote, and stren-

gthen labour and trade union rights, to see what such a partnership should look like, which issues should be addressed together, what the advantages are, what the risks are, how the independence of both sides can be preserved, and how challenges can be efficiently overcome.

The opening statements, and political and trade union experiences from BiH, Slovenia, Croatia, Serbia, and Great Britain, was be presented through four panels, while the experiences from Macedonia, Montenegro, Sweden, as well as other individual and collective experiences was presented through discussions. The organizers of the meeting were the SDP BiH and the Social Democrats of Slovenia, with the partner help of the Labour Party from Great Britain.

SDP BiH is a party which develops relationships with trade unions in an organized manner, through the Forum of Trade Union Activists. The Social Democrats of Slovenia, as a party with the experiences of the current government in Slovenia, also pays great attention to the dialogue with trade unions. The Labour Party from Great Britain has more than 100 years of experience in dealing with these issues.

It is possible to learn one from the other, and learn how to cooperate in order to protect, promote, and strengthen the rights and interests of workers.

Welcoming Statement

Zlatko Lagumdžija, the President of the Social Democratic Party of Bosnia and Herzegovina



Structural changes, which are anticipated for the next 20 years, cannot be made in the region without the idea of social justice, a modern left wing in the widest possible sense of that word, and without all trade unions, the non-governmental organisations, the academic community, and the ordinary people. He is convinced that this region can be turned around and set on the right tracks, based on the ideas which gathered people at this workshop. It is therefore extremely important to give further incentives to dialogue, especially to dialogue between the parties representing the left wing and the trade union movement. Thanks to such an orientation, SDP BiH was the only political party which announced its Election Manifesto 100 days before the elections, a Manifesto which was not created in laboratories and not only by people in charge of its creation, but in a manner influenced by a wide dialogue initiated in Bosnia and Herzegovina one year ago, a dialogue in which over 10,000 people took part in the creation of the Manifesto during three cycles. Part of the credits for the creation of a project named Changes for Bosnia and Herzegovina, also goes to the friends from the Trade Union of Bosnia and Herzegovina. It was structured in such a way that would make it not just some abstract fighters for justice, but fighters for the just division of wealth and resources. This is exactly the reason why a project was launched which has its spiritual and demanding side, which is balanced and not a list of wishes, because the wishes and ideas we fight for are something generations fight for. In the struggle for the achieving of these ideals, every little shift, or resistance against being pushed aside, is an enormous victory. That is exactly the reason why this project has been designed to be balanced, not presenting ourselves as those spreading only demagogy, or talking about some kind of justice and how we will divide equally the few resources we possess, but talking about how to advance the economy, on one hand, in order to implement the response of the left wing in Europe today, unlike the response of the right wing in Europe, which will not be achieved by cutting public spending, but by opening new work places, new work places, and new work places. The answer is work places, and not the cutting of public spending, which is offered as a solution today by the right wing in Europe, and by the local, modern, right wing. They say that belts should be tightened, investments into education, healthcare, welfare benefits cut, and that this is the first step towards the exit from the crisis they produced. This is exactly the reason why it is believed that these three segments of social justice, education, and healthcare, are something from which we must not fall back, must not retreat, must not go into hiding from, before the highly radical demands placed before us in each country, and in the region as a whole. It is necessary to provide an answer to this issue through an aggressive promotion of ideas, namely that it is possible to tackle the problem from the production point of view. Of course there is the fifth segment, the classical rule of law, which absolutely does not demand any new investments. It only demands political will. It could be said that the rule of law is practically the only segment of these five which will not produce a "visible economic value", but the most important, invisible, value which is the precondition for economic value. The rule of law is something which is primarily and solely the result of political will.



In his conclusion of this opening statement, Lagumdzija thanked once more all those present, expressing his deep belief that the year 2010 is the year for the new start of many things in BiH. SDP BiH has, during all these years, in a certain way really established a dialogue within BiH. This Conference is also one event which will be an incentive for further dialogue in the region on the very subject of today's meeting; and an incentive for every individual person, not just in the region but all the friends who have come to share their experiences.

At the end of the statement, Lagumdzija recalled the year 1999, when he was in Paris at the Congress of the Socialist International, at a time when Bosnia and Herzegovina held local elections and when the slogan "Social Democrats Rule Europe" was used. At that time, Europe had 15, and not 27 countries, and of these 15 countries, social democrats ruled in 13 of them. At that Congress of the International, SDP BiH and SDP of Croatia were accepted as members of the Socialist International, with a unanimous decision of the Congress of the International. The late president Racan and Lagumdzija led their delegations. Borut Pahor was at that time the new president of the Social Democrats of Slovenia, and he was already an old, established, global social democrat. He raised his hand for SDP BiH and SDP of Croatia. He raised his hand together with Shimon Peres and Yasser Arafat who were at that time persons who promoted dialogue in the Middle East, and who were, in a certain way, also members of the International. President Alfonsín, Felipe González, Gerhard Schroder, Lionel Jospin, Göran Persson, Tony Blair, and many others who were at that time the leaders of the world, also raised their hands. They were more important than the G-20. There were talks of a new millennium, of new values. The Congress lasted for three days and it was marked by the talk of what the 21st century will look like, of what the challenges of the 21st century are. There were great speeches, great people. It was a time of great global leaders, leaders of the European left wing, leaders of the kind which Europe nowadays practically does not have, regardless of the fact that it has new presidents, and new institutions, but it does not have that kind of leader anymore. González led the Commission which provided answers to the challenge of the left wing for the third millennium. Tony Blair held a great speech on new values and the general situation, and in one moment he folded his speech, which stirred panic in his team, and started speaking "from his head, his heart":

"All this is great, what we are doing now is great. We are setting the strategic directions for the future, and we must never give up from doing this kind of things, but you have to know one thing, you have to be aware that all of this will remain one utopian fairy tale, if we from the left do not go back to our environments and articulate the political program and gather as many like-minded people as we can; people who represent other complementary organisations, the academic community, trade unions, and others, and jointly implement this. In order to do that, do not get angry with me, you have to win the elections, because the academic community, the trade unions, and their great ideas are powerless unless they have a political partner who won the elections, who shares their values."

This is the great truth which brought back many people to reality, pointing out to them that ideas need to be precisely elaborated, but that they should also be checked in joint dialogue and in joint actions regarding that dialogue, because without that no one stands a chance.

Welcoming Statement

Dejan Levanic, the Representative in the Parliament of Slovenia



Dejan Levanic, a representative in the State Parliament of Slovenia, expressed his pleasure for being able to greet the gathering in the name of the Social Democrats of Slovenia, and for the fact that the workshop was organized with joint efforts and concerned questions which are more important than ever before. The social democrats and the trade unions have a joint responsibility in these times, and they have the opportunity to improve mutual cooperation and to pave the way leading out of the current economic and financial crisis in various societies through the strengthening of a joint dialogue, which means that a new incentive for development should be provided. This is why dialogue is so important and crucial.

Levanic pointed out that today dialogue is important and that talks are carried out together with the Social Democratic Party of Bosnia and Herzegovina and the Labour Party from Great Britain, about dialogue and about what can be done with joint efforts in order to change the system.

Social democracy and the trade union movement share some common foundations in history. Both organisations were created from the need of the international working class for a fair social order, a fair organisation of labour issues, and better working conditions. This joint platform is not a forgotten part of history, and it must not be a forgotten part of history, but the political and value orientation of tendencies for the future, pointed out Levanic. The consciousness of joint roots and common goals must be the incentive for the advancement of cooperation and, in the future, especially social partnership, as the foundation of a society built on consensus and partnership, as

the democracy we believe in. At the same time, Levanic believes that the times we live in represent fertile soil for new populism. Today, in Slovenia, the opposition skilfully uses the present state for achieving some cheap political points. On the other side, there is, of course, much justified discontent of people who are not to blame for the crisis, like, for example, workers, and with the cheap populism many of them could end up on the streets rather than at the negotiation table, which could cause unnecessary conflict between the Government and the trade unions, instead of initiating work on reforms and changing the situation.

Levanic believes that this workshop served as a good opportunity for talks about social dialogue in Slovenia, since the representatives of the trade unions from Slovenia were present. It is our duty and responsibility, points out Levanic, to resolve these problems through some form of creative dialogue between social partners, since we can change the fate of this crisis and turn our society into a community which will follow our common historical values and, of course, aspirations, only through social dialogue. It is a tendency inspiring also the most successful countries, not only because of its innovativeness, creativity, and competitiveness, but because of the reason we all believe in, solidarity. Scandinavian examples show that society has to gather some sort of courage in order to change and implement innovative and new approaches for the creation of a sustainable balance between work and capital, and between solidarity and competition. We cannot respond to today's challenges with 50 year old solutions.



Levanic expressed his belief that today's generation is capable of responding to these large challenges in an innovative and modern manner. A modern social state should be built upon the innovativeness of individuals, providing them with incentives, but also shelter in times of hardship. So one should build a state one can count on. Such a vision of a state has much more in common with Sweden and Finland, than with the neoliberal experiment conducted in Europe for the past few years.

With the beginning of the crisis in Slovenia, the Government has ensured a certain increase in social transfers and set up measures for the preservation of work places in the society, in order to protect people and maintain social cohesion. On the other hand, the Government rather successfully repels the constant pressures of the opposition for lowering taxes for companies, which would benefit the wealthy people in our society. It is clear that both sides cannot always be successful, or always make the best decisions, since a system exists which creates the elite class and gives it even more value. What is required is a unified education policy for lifelong learning, a proper functioning of the labour market, a modern system of social protection during times of unemployment, old age or illness, as well as an active employment policy. At the same time, the Government strengthens the unemployment system, and extends the time period for unemployment benefits without bringing into question the functional benefit. At the same time, new possibilities for new forms of temporary employment are created.

As a conclusion, he pointed out that there is no government which could find an answer to all the problems of society by itself. The voice of the trade unions is therefore important in finding the best solutions during joint cooperation, at the same time thinking about all the members of the community. He pointed out his hopes that certain positive aspects of change will be recognizable in the future and that they will be connected into a new policy of agreement for development through a dialogue causing improvement, but without the exclusion and a priori rejections of certain changes. If one wants a new society, a just division of efforts, a fairer society, and a joint community for all generations, then one must change the "status quo", claims Levanic. What exists today does not function in such a way. This is the reason why the cooperation between the trade unions and the social democrats, and especially the social democratic government, is both necessary and inevitable. These are natural allies when it comes to human rights, and everyone has to be prepared to make some changes; changes for the better and changes for everyone.

PARTTWO

Position of Workers in the Countries of South East Europe in the Light of the Global Crisis

Davorko Vidović, Member of Parliament, the Social Democratic Party of Croatia



Davorko Vidovic participated in the establishment of the Croatian Social Democratic Party from the beginning of the 1990s, when the party won 5% of votes at the 1992 elections. Eight years later, in 2000, the party was in a position to dictate the politics of Croatia.

When the SDP came to power in 2000, the country had a negative growth rate, one of few countries in such a position in Europe.

When in 2003 they handed over power to the HDZ, Croatia had an average economic growth rate of 5.7% and, as opposed to being an internationally isolated state, it was close to entering the European Union.

In that period of SDP rule the unemployment rate was reduced by approx. 50%, i.e. from 500,000 to 280,000. Furthermore, reform of labour legislation was carried out, which is currently whole-heartedly defended by the unions, while 20% of Croatian citizens voted at the referendum to defend the Labour Law which was adopted at the time.

Defining Key Concepts

When speaking about the selected topic entitled Position of Workers in the Countries of Southeast Europe in the Light of the Global Crisis, Mr. Vidovic looked to define the concept of social position, the worker and the geographical context, as well as the nature of the global crisis. He defines the concept of social position, the position of workers, and he tries to determine the social position in general.

Which indicators are used to determine the elements of social status, what are the elements of social status, and which elements are those? The concept of workers, which is not quite unproblematic, is also defined, and it has changed throughout time.

Southeast Europe is a term that we use here, and we are actually referring to the area which is also called the Western Balkans. The World Bank uses the term WB-5 or the Western Balkans, and the term former Yugoslavia is also often used, which Vidovic also uses in his presentation.

Furthermore, the notion of global crisis, linked to the concept of globalization, is also in itself a very interesting and immensely problematic concept, and also a very much discussed one. This context has several levels. These global processes have a strong impact on the national level, at which one can have little or no influence. Croatia makes only 0.5% of the European area of the European population, and only 0.3% of European economic power.

Thus, according to Vidovic, those illusions that we often have about some sort of excessive force of ours and our influence should be put aside, and we should put ourselves in the proper perspective.

And of course, there is a level that Vidovic calls the "Yugoslav heritage", and it refers to the specifics that distinguish these countries from, for example, Estonia, Lithuania, or Hungary. This context should be observed from that point of view.

Globalisation and its Effects

Globalization is a serious huge process which leads towards further economic and democratic unification of the world market, and the world. There are common interests of humanity reflected in the UN resolutions on equality, human rights protection, the rule of law, pluralism, peace and security, as those generally accepted international values which are important to both the right and the left and the centrist political options. Globalization resulted in a number of positive processes, starting from the development of technology, the elimination of border barriers, increase in the standard of living, longer life expectancy, strengthening of democracy and human rights, reduction of child labour, growth of world literacy and decline of global malnutrition.

However, some studies such, like the research studies of the Gallup Institute indicate some other circumstances in which people around the world live today. A total of 64% employees said that they feel anxious, depressed, and that they want to do something else for a living and to work at some other place, which makes two thirds of the world population. A total of 74%, i.e. three quarters of workers say that they keep looking at the clock during work hours and cannot wait to go home from work. A total of 87% of workers believe that their work has no other meaning except for earning monthly wages. These are the world data. This is equally true for Sweden or Indonesia or Bosnia and Herzegovina. Furthermore he gives more interesting details. People in their early thirties experience symptoms of depression. In 1987, the rate was 1 out of 14 persons, and in 2004 it is 1 out of 7 persons. According to this data, the world is not becoming a better place to live in. The suicide growth rate has increased by 60% in the last 45 years. This means that a suicide is committed every 40 seconds, and these are really frightening and depressing facts. When it comes to people who do not feel happy with their partners, the situation gets worse: 1 out of 30 persons in 1987 and 1 out of 4 persons in 2004. A total of 60% of all marriages today will end in divorce. The average duration of a marriage is 7.2 years.

Creating "roulette-economy"

When it comes to wealth accumulation by a small number of people, Vidovic presents very interesting data. Three of the richest persons in the world dispose of \$ 100 billion according to the data for 2004. The GDP of 48 states with a total population of 2.5 billion amounts to 78 billion dollars. From a historical point of view, the difference between the richest and the poorest in the world is becoming larger each year: from 3:1 in 1820, to 72:1 in recent 1992, and 106:1 in 2003. When it comes to global consumption, 9 billion dollars a year are spent on drinking water, 11 billion dollars are spent in Europe each year on ice cream, and 12 billion are spent in Europe and the U.S. on perfumes, etc.

What is actually happening? Changes in capitalism that went from industrial to financial super-capitalism, led to the idolatry of money, to something that is known today as "roulette-economy" which was based on cheap money, credits, and debts. By manifest, the crisis was caused by huge public and private debts, enormous economic growth on shaky legs, borrowings, etc., and the result is a general mistrust, freezing of credits and lending. Thus teaching of that globalization milieu led to the collapse of all stocks around the world at a tsunami speed.

"Why is this important to us," asks Vidovic? "Well, it is important, since our crises are authentic, but they became visible under the influence of these global processes. Is this the end of neoliberal capitalism? Is this a crisis in capitalism, or is this a crisis of capitalism? These are current discussions and I do not have an answer to these questions." But Vidovic explains how everything indicates that this is not a normal cyclical crisis of capitalism, neither by the manner in which it was created, nor by the manner in which it manifests itself, or by the consequences of the remedy for the crisis. The problem is that the so-called neo-liberal concept of the so-called laissez-faire capitalism is now replaced by large government interventions, as taxpayers' money is pumped in to preserve the system that led to a general collapse.

After that he gives some data on social status in the region. The GDP per capita index and the purchasing power index in comparison to Europe 27. Croatia is at 64%, Turkey and Romania are at approx. 45-43%, while the other countries have around one third of the average EU GDP. Slovenia clearly does not fit in at all, since it has approx. 76% of the EU GDP, and it surpassed the old EU member states, Greece and Portugal, in terms of the amount of its GDP. In all countries of the region the rate of the population economic activity is very low, which is a huge problem. The number of working population is very low compared to Europe and to what Europe plans for the future. Vidovic notes, "We should be somewhere at the level of 75% of active population, and we are moving from 59.3% in Slovenia up to only 43.9% in Bosnia and Herzegovina. The situation of women in this sense is even more problematic."

As for the data on the working population and employees, they are even more discouraging and

that it is the key problem for workers to exercise any kind of rights. Vidovic gives an exception of Slovenia, where that percentage is at the high European level of 82%, and the example of Macedonia with the very low percentage of 47.6%. The number of unemployed in Serbia is more than 700,000, the most populated country in the region, and only 43,000 in Slovenia, which is, compared to the context of the EU and the region, marginal. These data are from 2008, which means that the data were recorded before the crisis. Normally, access to fresh data for all countries is not always possible and this is a problem. The ILO statistical data exist only for Croatia and Slovenia, Macedonia is partially marked, but the data for other countries do not exist. Also, the work methodologies are different so the available data often cannot be compared.

When it comes to poverty in Bosnia and Herzegovina, about 20% of the population lives in poverty while 30% is on the verge of poverty. Therefore, about one half of the population is directly at risk. In Serbia, there are about 700,000 people living in poverty, which is around 9.2%, while the rate of those threatened by poverty is around 24%. In Macedonia, this figure amounts to 29.4%, in Croatia the risk of poverty is 17.4%, and in Montenegro, there is a similar situation.

As for salaries, the average gross salary in Slovenia is about 1500 Euro, in Croatia it is around 1000 Euro, while in other countries the level is significantly lower. When you look at the net earnings, what is interesting to us when we talk about social status is that salaries range from 277 Euro in Macedonia, to 865 Euro net in Slovenia, 320 in Serbia, 695 in Croatia, 461 in Montenegro, and 402 Euro in BiH. The first and this second figure tell us the actual amount of the gross salary, and that



those costs are extremely high. In some countries, such as Croatia, almost 100% of the net salary is subject to payment of contributions, and the effects are very poor.

Moreover, another serious problem is safety at work. Vidovic shared a text with the workshop participants on the situation in Macedonia, which states: "An employee of the Granit construction company buried under a rock while working on the construction of the road to the Power Plant Sveta Petka. Another worker killed during the installation of a ventilation system in Delčev. A mechanic crushed under a metal plate while repairing a truck, etc."

The situation in the field of occupational safety and health is not only below the European level but far below the level of Yugoslavia 20 years ago. Even those laws which do exist and which are well-written are massively violated and the huge unemployment is a barrier to a more efficient protection, because as long as employers may lay off employees and take new work force from the labour market as they please, they do not need to take much care about it.

What can we do? Even though we have little impact on global processes, we can follow them, analyze them, and observe their effects on the countries of the region. Vidovic suggests and prompts the following thought: "We can look for some kind of niche for our countries, and for our societies, and we can carefully adjust, it is what remains for us to do when it comes to this global context. Or, we can participate in some kind of a large anti-globalization project, if we assess that this would have any effect." Furthermore, countries of the region need the European context and profound reforms, but also "the protection of our cultural identities, unions of our countries, so that we do not drown but integrate these values into our systems and our societies." In other words, he said that "Europe should come to us, instead of us going to Europe. In a way, we are a part of the European identity, whether we are formally a part of it or not, its members or not."

Vidovic also draws the attention of participants to the Yugoslav context implying a bold confrontation with the past.

"We have to do that. The gesture made by the Croatian President Josipović in these past days here in the country and abroad is a serious gesture. We must leave the war behind us and cast aside those tremendous weights attached to our feet. These are the weights that Estonians, Lithuanians, or Hungarians, or anyone else do not have, because these are our weights and we, as a generation of politicians and trade unionists which are actively involved, have to do it. We should not leave that to our children. A similar culture, common history, proximity, etc, these are all our advantages that should be used for the progress of our countries, people, citizens, and peoples who live in it. This is the kind of message which I as a politician would like to promote at this meeting as well."

What can we do specifically?

It is very important to build strong social democratic parties in countries of the region. "I am sure that the nationalist elites in our countries cannot solve a single problem. Instead, they can cause problems. We need to make strong political parties, capable of attracting and mobilizing people, and we need to win the elections.

We need to get the opportunity to define a vision, to define goals for our countries and our citizens and, once we have that power, to truly act through profound reforms, and to implement them for the benefit of our citizens, not by order or recipe of either the IMF or the World Bank, but by taking primarily into account the interests of our citizens. It seems to me that this would actually be the right way."

Position of Workers in the Countries of South East Europe in the Light of the Global Crisis

Ismet Bajramović, the President of Confederation of Independent Trade Unions of Bosnia and Herzegovina



Global crisis is largely present in the countries of South-Eastern Europe and it has resulted in numerous lay-offs thus threatening already poor situation the workers were in. "As suggested by the title of this regional gathering, there is no justice for workers in our region", said Ismet Bajramović, the President of Confederation of Independent Trade Unions of BiH. Speaking about the position of workers in the countries of South-Eastern Europe, he also added that the word "light" should be put under quotes "since there is no light when it comes to the crisis".

Legal framework and practice

Focusing the discussion primarily on the position of workers in Bosnia and Herzegovina, Bajramović underlines that the formal legal framework guaranteeing rights to workers exists, so it does not represent a problem as it is. When it comes to the legal framework, attention should be placed on the Constitution of Bosnia and Herzegovina, and Constitutions of both entities and Brčko District. Main rights ensured by these legal documents are:

Right to life

Right to work;

Right to social security;

The Constitution of Bosnia and Herzegovina defines the following:

"Bosnia and Herzegovina and both entities shall ensure the highest level of internationally recognised human rights and fundamental freedoms"; "Rights and freedoms foreseen in the European Convention for the Protection of Human Rights and Fundamental Freedoms and its protocols are directly applied in Bosnia and Herzegovina. These documents have the priority over all other laws."

The following documents represent constitutive parts of the Constitution of BiH:

European Convention on Protection of Human Rights and Fundamental Freedoms,

International Covenant on Civil and Political Rights and Optional Protocols,

International Covenant on Economic, Social and Cultural Rights.

It should be noted that Bosnia and Herzegovina being a member of the United Nations also has an obligation to implement the Universal Declaration on Human Rights which also defines the right to work and social security.

Regardless of the fact that Bosnia and Herzegovina is not a member of the European Community, European Social Charter represents a part of its legal system, and it defines the following:

Right to work, and to appropriate compensation for any form of work and honourable income sufficient for proper life standard;

Appropriate social protection and social security;

Right of persons who lack any means to support life to "have the possibility to receive enough means and social care in line with their actual situation" Legal regulations in Bosnia and Herzegovina regarding social security are mainly based on previously mentioned international standards, or are currently being changed; however, the level of application is rather low. As a justification for unfulfilled duties, competent authorities mainly blame the crisis, but at the same time, they do nothing or very little to find an efficient way to alleviate the effects of that crisis. The solution is mainly found in IMF loans, where terms and conditions of such loans affect primarily workers and their salaries, compensations that define at least some social security of workers, but also all other categories in social need. It is conducted by attempts to enact laws on salaries without social partners, to put collective contracts out of force, and to change the law on social security on one's own initiative; also, there are numerous bankruptcies without any of the subsequent provision of incomes, as guaranteed in case of job being lost.

Besides that, quality investments in economy, possible public works, undertaking of incentive measures for production etc., seem too far even to be mentioned.

Therefore, the rights formally exist, but what happens with the practice?

What are the effects of global crisis on BiH?

First of all, we should not forget the situation BiH was in when the world economic crisis "began". The crisis, in various forms and of various intensities, has been present in BiH for years now, and it became the background for living in BiH. This significantly contributed to quite weak reaction of BiH authorities but also to reaction of general population to the global economic crisis.

So, the most prominent causes of the crisis in BiH are:

Political instability during the entire post-war period.

Complicated system of government and poor coordination between its many levels,

Poor state of economy in all segments,

Lack of the rule of law and strong presence of corruption and crime

Low efficiency of reforms – reforms have mainly been initiated and induced by international subjects,

High poverty level – almost one third of the population is poor or on the verge of poverty,

Too expensive state apparatus with low efficiency of institutions of all levels of government,

Significant role of international community, etc.

In the second half of 2008, the most relevant BiH politicians of both the state and entity levels were convincing us that the global crisis would spare BiH, that its effects would be less visible here since BiH had a "lucky privilege" to be isolated from global economic and financial flows. That is the reason why there was no timely, common evaluation of possible points of impact of the crisis on BiH, no evaluation of possible effects of the crisis, no harmonised systems of reactive measures, and no strategies for mitigation of its effects.

However, by the end of 2008 and beginning of 2009, the crisis severely hit BiH. Decrease in export demand and money inputs from abroad were main routes for the world crisis to enter BiH. The price of capital went up through increases in interest rates, even for previously contracted loans, stock markets crashed; consumption went down as well as traffic of goods, production and services. Direct and the most severe consequence of global economy fall was a huge number of jobs lost. Also, significant decrease in exports, direct fo-

reign investments, and imports has been evident. However, this decrease in imports was not the result of increased domestic production but rather freezing of investments in new facilities and equipment and reduction of actual purchasing power of citizens. When it comes to companies in BiH which have suffered the most because of the crisis, then we should first mention export-oriented companies or companies which are linked to foreign companies by the nature of their businesses, such as processing and metal industry, car industry, textile industry (Lohn businesses), etc.

The state of BiH economy and the severity of economic crisis are illustrated by the following indicators¹:

GDP

Official data for 2009 have not been published yet, but it is already known that the year 2009 featured a decrease in GDP after years of increasing – according to DEP, expected decrease of actual GDP rate is about 3%, and of nominal about 0.4%, while 2010 is expected to show stagnation (actual growth of GDP of 0%)

- GDP per capita – in 2008, it was 6,429 BAM or 3,288 EUR, and the prognosis of DEP for the year 2009 is 6,403 BAM or 3,275 EUR

Industrial production

In 2009, when compared to 2008, BiH showed decrease in industrial production of 3.3%. Regarding classes of products, the greatest decrease occurred in: capital products – 18.1%, production of intermediary products – 11.3%, production for mass consumption – 8.3%. At the same time, production of mass consumption products increased by 5.6%, and production of energy by 3.4%. From

the sector-oriented perspective, processing industry in general shows a decrease by 4.6%, and it also showed the greatest fall in certain branches of metal industry – production of electric and optical devices – 25.5%, production of machines and devices – 22.3%, production of basic metal products – 17.2%, production of wood and wooden products (except furniture) - 16%, etc.

Foreign trade exchange in 2009

Total exports of goods and services account for 7.651 billion BAM (15.9% less than in 2008).

Total imports account for 13.264 billion BAM (24% less than in 2008)

The coverage of import by export is 44.79%

It should be once again noted that the fall in imports did not result from an increase in domestic production but rather from aborted investments in new facilities and equipment, and reduced actual purchasing power of citizens.

Consumer price index

In 2009, total fall of consumer prices of 0.4% (deflation) was the only positive factor amongst these negative trends. However, this does not mean that in 2009 there were no increases in prices of the most important elements of the union consumer basket. This resulted in increased costs of housing and utility services (by 3.9%), as well as costs of communication, healthcare, purchasing of furniture, home appliances and other services. Considering some specific characteristics of our region and our customs, it should also be mentioned that the prices of tobacco and tobacco products have raised by 11,6%.

Data are taken from publications of the Directorate for Economic Planning of BiH – Economic trends – Annual Report for 2009, Agency for Statistics of BiH, entity Bureaus of Statistics, Employment Bureaus of BiH and both entities.

Employment and unemployment

U 2009, reduction of unemployment in BiH was recorded for the first time after five years.

Average number of employed persons in BiH in 2009 was 691,800, which is by 0.4% less compared to the year 2008. In FBiH in 2009, average was 426,557 of employed workers or 1% less than in 2008, and in RS the average was 253,000 of employed workers or 2.1% less than in 2008. The greatest reduction of the number of the unemployed in FBH was recorded in industry – 6.5%, namely production of wood and wood processing, production of machines and devices, and production of furniture: however, construction also recorded significant reduction in unemployment rate - it was 5.1% lower than in 2008. RS experienced the highest reduction of unemployment in processing industry- 6.3%, catering - 4.6%, wholesale and retail trade - 4%, etc.

The average number of the unemployed in BiH in 2009 was 497,600, which is 1% more than in 2008. However, increase in the number of the unemployed was not of the same pace during the entire year. For example, consequences of the recession on the labour market were more prominent in the second half of 2009, so the fourth quarter of the year 2009 shows the greatest increase (by 5.6% compared to the fourth quarter of 2008). The largest number of newly registered at employment bureaus occurred upon loss of job in the private sector, with reasons being expiry of fixed-term employment contracts, redundancy, agreed termination by mutual consent, etc. In FBiH, average number of registered unemployed persons in 2009 was 347,146, which is 0.5% more compared to the 2008 average. Total number of newly registered at employment bureaus in 2009 was 103,336, where more than half of them registered upon termination of their jobs – total of 53, 433 persons, where 22,700 of them lost their jobs due to redundancy, and 2,220 due to bankruptcy, liquidation, or privatisation. The remaining 28,510 of the newly registered lost their jobs due to expiry of fixed-term contracts or agreed termination by mutual consent, which can also be attributed to direct consequences of the recession. During the same period, records of employment services in FBiH showed that 87,400 persons had been reemployed, where 45,027 of them were re-employed through mediation of employment bureaus. In 2007, 8,162 persons were receiving monthly compensation for unemployment in line with the law of FBiH. The highest amount of total contributions was spent on monthly compensations provided according the Law on the Rights of Demobilised Veterans and Members of their Families. In RS, average number of registered unemployed persons was 139,500, which is 3.3% more than in 2008. Out of total of 64,500 newly registered at employment bureaus, majority was unemployed due to redundancy (21%), then due to agreed termination (16%), and due to expiry of fixed-term contracts (10%). Official unemployment rate in BiH for the year 2009 was 41.8% (44.9% in FBiH, and 35.5% in RS) and it was, FYR Macedonia not being included, the highest in the region. Survey-based unemployment rate was 24.1%.

Salaries

Average net salary in BiH in 2009 was 790 BAM and during 2009, much slower growth of salaries was recorded when compared to previous years, mainly due to extremely reduced economic activity. Average annual growth compared to 2008 was 5.1%, which is much less than the growth recorded in 2008 compared to 2007 (16.6%). It

should also be noted that the downward trend in salaries was more evident in the second half of the year, which co-indicates with the dynamics of the labour market. So, in the first quarter of 2009, compared to the same period of 2008, salaries grew by 11.6%, and in the fourth quarter, the growth was only 1.1%. Average salary in 2009 in FBiH was 792 BAM (increase of 5.4%), and in RS it was 788 BAM (increase of 4.4%). However, net salary in RS includes hot meal compensation, which is not the case in FBiH. The lowest net salary defined by the general collective agreement in FBiH was 343 BAM, and in RS it was 320 BAM. Although this slow increase of salaries was evident in all sectors, the private sector, being severely hit by the crisis, showed the lowest salaries (growth of 4.7%). This was a consequence of reduced volume of business activities in the processing industry (textile -leather, wood processing, certain metallurgy branches, etc) construction, trade and catering, where the salaries have been the slowest in growing and the lowest in their nominal value.

However, salaries in the public sector have also experienced slower growth than in previous years (in 2009, the growth was 4.9% and in 2008 it even reached 25%) which is a consequence of budget restrictions imposed by saving measures that accompanied the stand-by arrangement with IMF. However, these reductions did not objectively have a huge impact on the standard of those employed in this sector, since the public sector traditionally has the highest average salary which is 42% higher than the average salary in the private sector.

Pensions

Having in mind that the sources of retirement funds were very modest even before the current economic crisis, it is clear that both BiH retirement funds suffered immensely to provide for pensions in 2009. Along with traditional difficulties in ensuring funds for the retirement-disability funds (illegal employment, irregular disbursements of salaries and payment of contributions, registering of employees for minimum salaries), additional reasons were further reduction of incomes caused by reduced number of employed workers (due to the crisis), and constant increase in the number of retired persons who have acquired not only the right to the regular age-pension, but also other rights based on different forms of benefits, and that was also used as a solution for excess number of employees caused by the crisis. This is confirmed by the data showing that the average number of retired persons in BiH in 2009 was 564,100, which is 4.3% more than in 2008, and it has already been stated that the number of employed workers also went down in the same period. Average pension in BiH in 2009 was 336 BAM, which is 3.7% more than in 2008. In FBiH, average pension was 346 BAM, and 320 BAM in RS. During the same period, minimum pensions stayed the same in both entities - 296 BAM in FBiH, and 160 BAM in RS.

Public finances

In 2009, BiH experienced fall of total tax income. Indirect taxes went down by 10% compared to 2008, and the main reduction occurred in incomes from customs (due to reduction of customs rates and termination of the obligation to pay customs records for EU products, as in line with the Stabilisation and Association Agreement). Direct taxes and contributions also went down by 7.8% compared to 2008. In FBiH, income from direct taxes went down by 3% (mainly due to reforms affecting income taxes), and income from con-

tributions went down by 1.6% (due to reduced number of the employed). In RS, income from direct taxes went down by 13.7%, while the collected contributions show an increase of 15.2%. Global crisis should be addressed by appropriate measures that are actually implemented.

Main anti-recession measures undertaken by BiH authorities

It has already been pointed out that the authorities in BiH have been quite passive in producing timely and appropriate measures to mitigate the consequences of the recession. Measures were initiated with a delay, and it consequently affected their final outcomes. Concerning the State level – the Council of Ministers of BiH defined its proposal of measures under its competence in as late as March 2009, and the most important measures were aimed at maintaining macroeconomic stability in finances, that is, a decision on reduction of mandatory reserve rate of commercial banks at the Central Bank of BiH (14 instead of 18%), and adopted amendments to the Law on Deposit Insurance in Banks in BiH (insured deposit went up from 5,000 to 15,000 BAM).

The Government of FBiH did not offer any kind of specific program for mitigation of consequences of the crisis, so the ESC of FBiH initiated enactment, and in December 2008, it adopted the Programme of measures for mitigation of effects of the global economic crisis and improvement of the business environment as well as the Social Agreement 2009 -2010. Also, Operational Plan for implementation of measures of the two above mentioned documents has also been created and adopted, and it contains 48 specific measures categorised according to priorities and appliers. This plan was also adopted by the Government of

FBiH and, accordingly, the priorities were given to: Measures of financial support to companies in order to maintain levels of employment,

Measures for improvement of the business environment

Measures for removal of burden to the economy Measures for stimulation of production and employment

Measures aimed at rationalisation of public spending, and rationalisation and reduction of costs of public administration

Measures for protection of standard

Measures for improvement of cooperation between social partners

Measures for improvement and rationalisation of institutions, and

Measures for strengthening of public reserves.

Apart from these measures, upon appeals from the Union of Metal Workers of BiH, the Parliament of FBiH adopted Conclusions, published in the Official gazette of FBiH, which oblige the Government of FBiH to implement 12 measures aimed at improving conditions in metal, electro and all-purpose industry and real sector in general. These measures put special focus on continuity of worker's past service records, less burden on the economy, ensuring more means under favourable conditions using credit potential of the Development Bank of FBiH in order to stimulate appropriate development projects and export-oriented companies, and also on urgent enactment of the Law on Audit of Privatisation and amendments to laws in the field of work-related relationships, etc. Due date for implementation of all these measures has passed, and most of them have been partially implemented or not implemented at all. Some analyses were made, but without further implementation of proposed measures; numerous laws are in the process of adoption and still not available. This lack of work and responsibility in the relevant authorities has resulted in the above mentioned loss of jobs, still excessive public spending and too robust administration, lack of means for social security, difficulties in creating incomes in public funds, interrupted past service records for tens of thousands of workers, etc. Actual measures for mitigation of consequences of the recession in 2009 but also in 2010 were undertaken by the Federal Employment Bureau in form of several projects in the field of active employment measures which were mainly aimed at categories with difficulties in finding job, mainly the young, those who had lost their jobs, and disabled persons. Due to these measures, around 3,250 persons registered in this category were employed in 2009. In January 2009, the Government of RS adopted Measures for mitigation of negative effects of the world economic crisis on RS which included all segments of the economy and the society. For public bodies, some restrictive measures have been planned, and the economy was intended to be stimulated with measures aimed at ensuring solvency, development and new jobs, increase in domestic demand through public investments, increase of competitiveness of companies, etc.

The Basic Package with 19 measures was adopted, and the most important measures were:

Initiation of public works in order to increase employment

More intense investments in energy sector

Providing of funds for intervention measures for initiation of domestic production and import substitution

Improvement of public reserves of RS

Cheap basic provisions (food, etc.)

Reduction of burden on the economy and extreme reduction in all forms of public spending and consumption

Employment programme with corrections of the Social Programme for workers who lost their jobs, etc.

One of the incentive measures implemented by the Government of RS that should be mentioned is stimulation of textile and leather processing companies which have been severely affected by the recession – the measure involved monthly support for each employee in the amount of 50 BAM. Employment Bureau of RS has undertaken some measures in order to reduce unemployment and they were mainly in form of active employment measures implemented through programmes and projects for employment of categories with difficulties in finding job. In 2009, this resulted in employment of over 3,500 persons. It should be pointed out that at the beginning of the economic crisis, local economic experts made a prognosis that the second half of 2010 would bring the start of recovery of BiH economy. However, although the second half of 2009 showed positive growth of major world economies, intensity of negative trends in BiH remained. It was expected, especially since the crisis came to BiH with a delay of at least one quarter of a year compared to the surrounding countries, and measures were delayed as well.

The role of the Union in overcoming the effects of the crisis and protection of the workers' rights

The Union is aware that the globalisation and transition processes have had an effect on our country and the neighbouring countries in form of

significant reduction of rights of employed workers, and it threatened their economic and social security, so the situation was additionally worsened by the outbreak of the global economic crisis. Thus, the Union strongly objects any attempts to cover omissions of employers and authorities, and further reduction of workers' rights under the excuse of economic crisis. The role of the Union in overcoming the effects of the crisis needs to be much more active, efficient, specific and based upon equality and partnership with employers and the authorities. The Union needs to impose itself as an equal partner and be seen as a social partner at all times, not only when it is found convenient for others. Therefore, the Union needs to insist and endure in a reliable implementation of the social dialogue, the democratic way to resolve ever more prominent social and economic issues. This mainly refers to respecting of collective negotiation and considering of collective contract as a basic work-legal document, to respecting the Union opinions during enacting of new laws and other regulations the Union is interested in, as well as to their proper application. The Union will not tolerate lately evident attempts of the governments to ignore social dialogue and democratic procedures and unilaterally enact laws that directly affect the status of the worker and all citizens of BiH. In order to address all these reguirements and challenges, the Union has to continue working on the quality and number of its members.

Violations of Trade Union and Workers' Rights

Breaches against work legislation and collective contracts in Bosnia and Herzegovina were present even before the world economic crisis. Illegal work for low wages, insecurity and fear for bare survival, material shortages, more working hours

and less fundamental rights – it has been reality of many BiH workers for years now. The practice of irregular disbursement of salaries and payment of contributions to public funds was more or less tolerated in the period when companies were mainly state-owned, but it continued even after privatisation, more than ever. In years of recession, it is almost normal to have delays in payment of salaries and other obligations towards the workers and the state, as well as to experience increase in grey economy and unregistered work; employers justify this by a benefit of having at least basic salaries for the workers in times of economic turmoil, even without having mandatory taxes and contributions paid. It is quite common, especially in industrial activities, to have breaches of workrelated legislation and collective contracts, salaries below the guaranteed minimum amount, and so on, but difficult social and economic situation and increase in unemployment force the workers to accept even such poor conditions, rather than having the job and the only source of income lost. The recession has threatened the existence of many workers who barely managed in making ends meet even before the crisis. Employers exploiting the workers conveniently use the story of economic crisis "to hide practically everything" and they do so in order to reduce already minimal workers' rights. The crisis is used as an excuse for everything, even illegal actions, and also ignoring of collective contracts and employment contracts. As it appears, employers use the crisis to cut down the rights of the workers by ignoring valid collective contracts. The rights of workers are reduced to the level defined by the Labour Law, and even below. In an attempt to protect their rights resulting from their employment, members of the Union contacted Legal Service of the Confederation of Independent Trade Unions of BiH mainly because of the unpaid salaries or reduced salaries and other compensations, irregular payment of contributions for pension-disability insurance, health insurance and unemployment insurance, ignoring of collective contracts, exercising of rights during bankruptcy procedures, etc. Therefore, in 2009 and first five months of 2010, legal help was requested by around 2,000 union members who had, by themselves or collectively, used their union branches or cantonal boards and asked for legal assistance from the Legal Service of the Confederation of Independent Trade Unions of BiH. Beside the breaches of material rights, we often have breaches of non-material rights, such as transfer to a different workplace, cancellations of employment contracts due to reduce volume of business activities caused by the recession and similar. After court procedures, majority of cases showed that the firings were illegal since the world crisis had not been the cause of the poor performance, and had only been used as an excuse. In 2009 and during the first five months of 2010, Legal Service if the Confederation of Independent Trade Unions of BiH, on behalf of 2,165 workers/union members, filed before the relevant courts in Federation of BiH 23 collective suits against breaches of material rights resulting from an employment, and 8 individual suits against cancellation of an employment contract due to effects of the world economic crisis. What is the Union's opinion on steps towards faster overcoming of the crisis, creation of new jobs, and improvement of material and social status of the worker?

To initiate public works

To speed up investment cycles in capital infrastructural project – highway, power supply and energy sector, revitalisation of large production systems

To stimulate existing workers using certain benefits to the employer in form of financial aid, etc.

To stimulate employment by introduction of tax reliefs for the newly-hired

To make significant reduction in public spending and increase control and transparency of usage of budget means

To increase measures for stimulation of real sector, namely export-oriented companies

To encourage agriculture and cattle breeding for which we have excellent preconditions

To ensure maximum availability of loans and grants in development banks (speed up the opening of the announced credit line of Development Bank of FBiH for the purpose of maintaining the existing number of employees in small and medium enterprises in the amount of 15 million BAM)

To ensure conditions for usage of pre-accession funds

To introduce a Differentiated VAT Rate in order to protect the standard of population, even in a form of temporary measures

To speed up enactment and harmonisation of regulations dealing with employment relationships To maximise control in all segments and at all levels

To engage in a serious reform of the social sector in order to bring the rights within the legal frameworks and direct the available means to those categories that need them the most

To intensify the social dialogue at all levels (both trilateral and bilateral), and namely create environment for long awaited ESC at the State level, etc.

Building a Social State and the Position of Workers in it

Matevž Frangež, Member of Parliament, Social Democrats of Slovenia



In the introductory part of his presentation, Matevz Frangez underlined the importance of conducting dialogue and exchanging experiences, and welcomed such an initiative at the regional level taking into consideration mutual experience and joint opportunities. He also pointed out the symbolism of holding such an important discussion in Sarajevo and Bosnia and Herzegovina, a city and country highly conversant with the difficulty of maintaining dialogue and the results when it is absent. Talking about social welfare and exchanging the experiences of Slovenia with the participants, Matevz Frangez gave an overview of this important issue in the context of the current global economic crisis. He thinks that this direction is not the world socialist revolution as presented by Greek demonstrators but that all efforts, on one side, must be channeled towards achieving equal opportunities and rights for all workers through international influence. This must form part of an effort to achieve a new global economic and social order and, on the other side, change the economic and social order in the countries concerned. Underlining the significance of advocating realistic alternatives, he stressed that it is important not to give unrealistic promises during election campaigns because the real problem comes not with winning elections but afterwards. It is especially difficult to govern nowadays at the time of the global economic crisis.

New Global Political and Economic Reality and Equal Opportunities for All

Awareness of world change as a result of the global economic crisis, the best way of implemen-

ting historic values in such a climate and how to ensure that social protection systems are protected were areas of concern, stressed Mr. Frangez. The new world is one of new challenges. There is a new geo-political reality, a new multi-polarity with new regional and world economic powers, a struggle for resources, problems with climate change, Greece and the crisis of the Euro, expected slow growth and many other global challenges. These are becoming a growing problem for Europe and Slovenia. Rights are dependent on national economic strength. The decision to be made is between the notion of utopia on one side and the realistic and equal distribution of social wealth on the other. Mr. Frangez underlined that there were dangers to this. Any form of developed society risks becoming conservative by defending something that is not functioning. New approaches are sometimes needed commensurate with the new political economic climate. The Slovenian model is an example of an economy with weak foundations. Low economic productivity, technological stagnation and low innovation have lead to an economic decrease. An absence of competition and the overall economic situation have affected the social protection systems, the pension insurance system, and the healthcare system, and there is difficulty in keeping social funds stable. The labour market functions hardly at all and the education system does not encourage the development of a multi-tiered pool of human potential. Privatisation mitigates against industrial democracy.

Economic recovery is hindered by complex state structures and corruption. A new developmental approach is needed.

Challenges of our Time Require Changes

The regional meeting represents a new incentive for change for the Social Democrats of Slovenia and the Slovenian Association of Free Trade Unions. Social democracy and the trade union movement share common ground. Their origins and aims have not changed: an egalitarian social order, better working conditions, a fair representation of workers' values remains priorities. The challenges of our time require great changes. The economic crisis has caused many problems but these problems, at the same time, create legitimate expectations with citizens that these problems should be resolved. Many of these problems date back more than twenty years old. Many of the problems also reveal the inefficiency of current authorities to resolve them.

Social Consensus Maintains a Balance between Work and Capital

The Social Democrats of Slovenia and the Trade Unions established the Economic-Social Council in 1994, as a tripartite body for social negotiations between the government, the trade union and the employer. The first social agreement was reached by means of a joint social dialogue. This agreement was a guarantee for the development that Slovenia was to witness. This strong social partnership is responsible for the fact that no radical, neo-liberal interventions have been made in the social structure in Slovenia, as was the case with other countries in Central and Eastern Europe. Slovenia succeeded due to the fact that it had acted upon a consensus of major social groups and maintained the balance between work and capital. This, according to Mr. Frangez, has been a major lesson and an incentive to resolve major social and economic problems in the present and the future. The promotion of the Law on Labour in Slovenia through social partnership took four years; the implementation of

changes in the pension system took three years while the implementation of the system on salaries in the public sector lasted six years. Society needs to be able to react to societal changes and problems without causing major social conflicts. Challenges require quick changes and no such changes can be achieved without the reform of social partnership. Bosnia and Herzegovina is the best example of the inability and inefficiency of authorities and social groups to reach an agreement. This inefficiency in resolving problems does not mean that the problems will remain the same. On the contrary, the problems will become only more difficult and more numerous. On July 7th, the Economic-Social Council in Slovenia will launch discussions on the new role of social partnership.

New Solutions Require a New Approach

Albert Einstein once said that problems cannot be solved by the same thinking used to create them. Mr. Frangez stressed that he does not believe that the old methods are the best methods but undoubtedly he sees the advantages that economic and social equality bring, although he does not believe that they can be the new spiritus movens of our societies. Other factors include a more innovative economy, production and sale of products, and social development as the basis of a sustainable use of resources, used to guarantee equal opportunities for the future. This is the reason why a new approach is needed which blends traditional values and the demands of the market economy. In order to achieve this vision of the new economic and social reality it is important to see and understand the new global mutual connection and the new global political picture: the growth of new regional and global economic superpowers, the limited quantities of natural resources including basic resources such as water and food in the near future. There is climate change to be considered, the need for sustainable

development, competition between superpowers, and the danger from conflicts over the supervision of world resources. Struggling with the challenges of the 21st century should not be about the conservation of the vision of prosperity of social society in Europe after World War II, but rather about its reinvention and the discovery of a model of a prosperous social state that can withstand change. The social state known up until now has gone. It was killed off by the global economic reality that had based the wealth and the opportunities of the European social state on cheap resources from third-world countries. Social and economic modernisation is just two changes to be made.

Inspirational Approach of the Scandinavian Model

Trade unions are of crucial importance. Trade unions all over Europe have the power and legitimacy to oppose reform plans. The Slovenian Government is often faced with harsh criticism from the trade unions for introducing neo-liberal reforms. The opposite is the case. Forecasted reforms are not neo-liberal but rather inspirationally Scandinavian. By giving an example of how protective measures can sometimes be counter-productive, Mr. Frangez pointed out that Slovenia's model of protection of workers that are older than 50 years of age provides protection of jobs, although the end result proved contrary to this intention, and this special protection actually resulted in the loss of jobs, despite the fact that this group of workers were deemed by employers to be the most loval and the most experienced. There are conflicts between the Social Democrats and the trade unions regarding student employment: this has proven to be the most flexible yet the most insecure form of employment in Slovenia with numerous abuses of the system. The trade unions view the actions of the social-democratic Government as neo-liberal due to their intention to create new job posts through layoffs and to abolish limited-time employment. This leads to a significant reduction in social rights most notably for young people. Both young and old in the labour market, as well as the community at large, and the economy, must be secure yet flexible. The trade unions have announced demonstrations against the reforms in the autumn. They certainly have the strength and the legitimacy to destabilize the political situation that could seriously imperil the focus and determination of the social democratic Government to make Slovenia more competitive in order to open up new markets in Slovenia, to attract new investments and to reform the economy so as to create new and better jobs. This is how trade unions use their powers throughout Europe. They are capable of stopping the reform process. There are fears that possible political changes which do not exclude the possibility of serious destabilization of the political platform will not bring the trade unions any good. Any government of whatever political inclination will have to carry out certain reforms aimed at preserving healthy public finances and stability of social funds. The reduction of public spending is one correct response, but spending reform should stabilize public finances without disturbing the quality of public services most notably in education, social protection and healthcare. Greece remains an example of which to be keenly aware. Failure to make economic and social change will result in a lack of societal prosperity, stability and security. Socio-economic benefits must be considered against political party advancement; trade unions must act in tandem with the political apparatus; social dialogue and social democracy are inter-linked. Concluding his presentation and underlining the importance of social democracy, Mr. Frangez characterized the regional meeting entitled "Social Democrats and the Trade Unions -Justice for Workers through Partnership," as a joint opportunity to find common ground between trade unions and political parties.

Building a Social State and the Position of Workers in it

Zoran Stojiljković, Deputy Chairman of the Trade Unions Confederation Nezavisnost, Serbia



Zoran Stojiljkovic started his speech by emphasizing that the establishment of a link between trade unions and social democrats has been an issue that has been addressed in the countries of the region for two decades, but so far without success. Why are we not successful, the speaker asks himself? "You have a situation in which, to be honest, social democracy is an alternative political power for social governance, while management of capitalism, at least as an economic form, has no longer an alternative. Trade unions seem to be a kind of dinosaur species that have not found an adequate answer to the issue of growing unemployment, loss of classical strongholds in the form of trade unions and those changes that result from privatisation and flexible labour relations, and small and medium-size businesses with only a few employees. As for the social state in terms of the national "Neo-Keynesian" intervening state, it exists no longer. Or, there will be no such state form in the future. Therefore, we need to see what is to do in such serious situation. The fact that we are all here means that we all love Sarajevo and that we wish to do something together."

Position and Role of Trade Unions

In relation to trade unions, Stojiljkovic emphasizes three issues: firstly, there is something called political economy of trade unions, and indicators that show when a trade union is successful. A trade union is successful, if it has three indicators: firstly, when it raises the salaries, secondly, when it improves the working conditions and its impact on the legislation or political institutions, and

thirdly, when it increases the employment. What is to do when trade unions achieve none of these three objectives, asks Stojiljkovic."In that case trade unions have to seriously re-examine their position. Nobody will be deceived by a series of resolutions, smart documents and meetings that were held. The work of trade unions is measured only on basis of these three objectives, and if they are lacking, the trade union has a problem. This problem may be resolved by good organization and application of four types of strategies. One of them is related to protests, which do not resolve the issue, but improve the impact through negotiations. It is one thing when you cannot even gather 500 workers in front of the Government building, and a completely different thing when they know that we can gather up to thousand workers. Apart from protests, this also includes social dialogue and political lobbying. Many of you quoted Blair, but you all know very well that Blair sent a message to British trade unions that they should stay away from parties and party policy. That means that we need to look for partners, serious and long-lasting partners, and, of course, we as an organization have to look for the support of other organizations from the society, such as organizations of farmers, retired persons, students, NGOs, in order to simply be somebody who will mark the field of politics. If trade unions do not assume this untypical role, they will die in anonymity. They will call us from time to time and all documents will eventually be also passed to the trade union. But the representation rate of our influence will increasingly decline", warned Stojiljkovic.

Partnership and Mutual Trust

Partnership and trust are crucial in relations between social democrats and trade unions. What is partnership, asks Stojiljkovic."Partnership is a relationship between two or more parties in which everyone trusts the other and has certain expectations. For example, I gave you my trust as the SDP of Croatia, and you proved that it was justified through your conduct while you were in power, and I gave you even more trust. And, I believe that it is better for me to support the government than to establish a party. And vice versa. In this game, we all have our interests." Furthermore, says Stojiljkovic, a big parliamentary party is not interested in a trade union that is not representative, or it is interested in it, but to guite a small extent. Trade unions are there to sell a system of votes for the support and to monitor the implementation of the policy during their office term, especially since all parties aim at social justice and social dialog; this has become some kind of the European mantra. Stojiljkovic reminds of the fact that social democratic parties, when they come to power, also have another kind of clients, workers and trade unions that are not their only clients, and these parties frequently seem to form a federation of interested groups and lobbies. Stojiljkovic underlines the importance of trust in partnership and the trust between the trade union and social democratic government, as well as the importance of understanding that partnership is not a "one-time misuse or a onenight stand". Otherwise there will be neither such support nor trust. Stojiljkovic is of the opinion that the relationship between the trade union and social democrats is underdeveloped, that mostly no political option is supported, and that messages are general and sent to everybody. However, Stojiljkovic believes that this is bad, and that it will

not lead to power or impact of any of the parties involved.

It is Possible to Change Parties, But Not to Change Public Policies (?)

By quoting a colleague from Bulgaria, Stojiljkovic explains that in every election campaign parties and coalitions enter a passionate love relationship with their voters, and when they come to power, they enter into a marriage with international financial organizations. That means that people can change parties, but they cannot really change public policies. Besides that, Stojiljkovic also mentions a series of other problems that slow down the transformation of the situation into the spirit of democratic changes to the satisfaction of citizens. Political reforms are implemented only partially, political authoritarianism is practiced, which renders possible control of the government, which again, leads to a "faulty democracy". In Serbia we have a "partocracy" with 16 coalition partners that created some kind of a party cartel. In addition to this, heads of parties have the possibility to control their people through the system of closed lists and change of order, and this has to be dissolved in order to make our societies more democratic, believes Stojiljkovic. In addition to the above mentioned challenges, Stojilikovic also underlines the insufficient division of power and poor or inefficient and politically controlled judiciary. Furthermore, a huge problem is also the endemic corruption, and the institutional capacity to deal with this is insufficient. "In Serbia we follow the European design, we establish institutions, amend laws, but the key issue is", according to Stojiljkovic, "whether these anticorruption institutions have sufficient funds, sufficient power and human resources to do their job seriously?" Stojiljkovic suggests to implement a

certain number of strategic moves. Presenting his opinion on the fate of the social state, Stojiljkovic claims that this form of intervention with a great service for citizens is undergoing a crisis. Requests towards the state are always related to the fact that the labor legislation should be made more flexible, and that the rights of workers in the labor market should be reduced, because otherwise the investments will go somewhere else. Also, the state budget is insufficient for financing a social state. In addition to this, the societies of the region are demographically old. For example, in Serbia you have approximately 1.8 million of labor force, and approximately 1.6 million of retired persons. This is a 1:1 ratio, and the social welfare system will hardly be able to support it, concludes Stojiljkovic. The first and most important issue in order to stabilize democracy according to Stojiljkovic is to destroy the party cartel. "In Serbia, this implies 17000 – 18000 positions that are given to party members and its own loyal members, who are not appointed members of the steering committee of this or that public company because they are smart and beautiful, but because they are appointed to manage the company in such a manner so as to ensure the support of the employees, pay funds to the accounts of those that appointed them to these positions, etc. This is devastating", concludes Stojiljkovic. Another important issue that Stojiljkovic emphasizes is the social cohesion policy. By quoting Churchill, Stojiljkovic says: "A good or optimal society is a society that has a well developed safety and social network through which you do not fall into the vortex of hopelessness and poverty, and, on the other hand, a ladder that you can climb to the top of the social pyramid without party tutorship." This is a minimum threshold in these societies that you can aim at and it simply must guarantee these positions, and should not let people to be isolated, poor, jobless, and poorly educated, while one of the greatest problems are torn social relations and a low social capital. This must be prevented and it must be the political priority number one. Stojiljkovic , furthermore, emphasizes that the state can no longer be the guardian in the way it had that role during socialism,"from cradle to the grave", because the state has no capacity to do that. We moved from governing to management process, which is decentralized, from the subnational, over the national, to the international level. However, the state may not behave based on the logic of the supermarket concept, according to which it offers something for everyone. The state has to standardize services and quality for everyone. At the end of his speech, Stojiljkovic concludes that trade unions and social democrats have to cooperate closely, because they lack basic information of each other. "We have many common interests, but we do not have sufficient regional initiatives and projects. Our countries do not have the capacity or the position to build a social state on their own, while nowadays it is possible to achieve through some kind of combination of local, national and regional initiatives that resolve issues at those levels."

Partnership and Mutual Trust

Partnership and trust are crucial in relations between social democrats and trade unions. A big parliamentary party is not interested in a trade union that is not representative. Trade unions are there to sell a system of votes for the support and to monitor the implementation of the policy during their office term, especially since all parties aim at social justice and social dialogue. He underlined the importance of trust in partnership and the trust between the trade unions and a social democratic government.



It is Possible to Change Parties, but not to Change Public Policies

By quoting a colleague from Bulgaria, Mr. Stojiljkovic explained that in every election campaign parties and coalitions enter into a relationship with their voters, and when they come to power, they enter into a marriage with international financial organisations. That means that people can change parties, but they cannot really change public policies. Political reforms are implemented only partially.

There is an insufficient division of power in Serbia and a poor or inefficient and politically controlled judiciary. Furthermore, a huge problem is also endemic corruption, and the institutional capacity to deal with this is insufficient. It is a question whether anti-corruption institutions have sufficient funds, sufficient power and human resources to do their job properly.

In Serbia there are approximately 1.8 million people in the labour force, and approximately 1.6 million retired persons. This is a 1:1 ratio, and the social welfare system cannot support it.

In order to stabilize democracy it is crucial to destroy the party cartel. In Serbia, this implies 17,000 – 18,000 positions that are given to party members and its own loyal members. On social cohesion, Mr. Stojiljkovic quoted Churchill:

"A good or optimal society is a society that has a well developed safety and social network through which you do not fall into the vortex of hopelessness and poverty, and, on the other hand, a ladder that you can climb to the top of the social pyramid without party tutorship."

He emphasized that the state can no longer be the guardian in the way it was during socialism, "from cradle to the grave", because the state has no capacity to do that. Things have moved from a governing to a management process, which is decentralized, from the sub-national, over the national, to the international level. The state has to standardize services and quality for everyone.

The conclusion is that trade unions and social democrats have to cooperate closely, because they lack basic information about each other.

British Experiences on Relations between Labour Party and Trade Unions

Norma Stephenson, Labour Party National Executive Committee Member and President of a Worker's Union, UNISON



MS NORMA STEPHENSON works in a Mental Health Unit in a National Health Service Hospital in the north-east of the United Kingdom. Because her Trade Union is affiliated to the Labour Party, that entitles her to stand for election to the Labour Party's governing body, called The National Executive. She explained in-depth about the history and background of 111 years of the complex links between Members of Parliament, or MPs, and the Trade Unions in Great Britain.

Prior to 1899, MPs did not receive a salary, as they were almost exclusively from the land-owning and governing classes, who saw it as being in their interests to keep the working classes in their place.

But in 1899 a small group of Trade Unionists who worked in the railway industry asked the governing Trade Union body, known as the Trade Union Congress, or TUC, to bring together all left-wing organisations to sponsor Parliamentary candidates. All the Unions agreed with this and this conference was held on the 26th and the 27th of February 1890. From this a special group was sent to Parliament in London with a mandate to cooperate with the promotion of legislation which held the direct interest of the Labour Party – and by extension the working classes – as one of its core values.

The Labour Representation Comittee was thus formed, and trade unions begun by backing fifteen parliamentary candidates, of whom two were elected in the first instance.

It started slowly, with the Trade Union starting off by supporting 15 candidates. However, only

two of those 15 were elected the first time round. However, the Taphill case in 1891 made strike action in Britain effectively impossible, after a dispute between railway workers and their employers left the workers legally owing 23,000 pounds sterling to their employers for loss of income. However, this case raised the profile of the idea of sponsoring MPs who represented the working classes, and in 1906 29 seats were won in parliament, and the Labour Party was formed, led by Keir Hardie.

In the 1910 elections 42 seats were won, following which The House of Lords decided that it would be illegal for Trade Unions to sponsor MPs in the form of campaigning or in the form of paying their wages. The Liberals won that election but then introduced wages for Members of Parliament and introduced the Trade Dispute Act which included the right of Trade Unions to sponsor political activities.

Following this the Labour Party were joined by many dissatisfied Liberal Democrats. Labour became the second largest party at Westminster in 1922 with 142 seats, Ramsey McDonald was elected as its leader, and in 1924 the party polled 109 seats, but five years later in 1928 Labour elected an unprecedented 287 Members of Parliament.

This was the year of the Wall Street Crash and the Great Depression. In 1931 in another General Election Labour went down to 52 seats, and Ramsey Mcdonald and some of his ministers were expelled from the Party for trying to form a National Government. In 1995 the New Labour Party was formed and in 1997 Labour returned to power under Tony Blair.



Trade Union influence was dramatically increased and now with commissions, national policy forums and partnership in power they are working in partnership with government, something that would not happen with any other political party in the UK. Despite Mr.Blair's efforts to sideline the unions, there were ministers and a number of Labour MPs who realized that without the support, the help and the finance of the Trade Unions they wouldn't win their seats in Parliament. Labour is

now in opposition, and the priority is to find a new leader and there is an election process going on to elect this new leader.

Labour's Women's, Race and Equality Committee has succeeded in playing a vital role of ensuring that from 2 men in 1890 and probably 287 men in 1829, they now have 257 seats in the UK Parliament of which 81 of those are held by women and 16 by black and ethnic minorities.

British Experiences on Relations between Labour Party and Trade Unions

Helen Symons, Campaigns & Communications Officer, Trade Union & Labour Party Liaison Organisation



There are 16 national Trade Unions who are affilliated to the Labour Party, and between them they represent 3 million working people. Afilliation to the Labour Party is a formal process, and part of the membership fees of every single member of those Trade Unions goes to fund the Labour Party.

The Influence of Trade Unions in the Party

As a part of being affiliated to the Party there are many ways that those Unions get to influence the Party from the local, regional and national level. Firstly, on a local level, individual branches of Trade Unions can affiliate to the local Labour Party if their Union is nationally affiliated. In return for that they get representatives on the Executive of the local Party, and there are officers in each of the local Parties whose job is to build and strengthen the local Party and the Trade Unions in the local area, and they also get a say in deciding who is the Labour candidate in a given constituency. It means that without being an active Trade Unionist it is hard to be selected to be a member of Parliament.

Regionally it is structured similarly. Trade Unions have seats on the regional executives of the Party and also again they have important roles in any regional selections in internal elections.

The Labour candidate who will stand in the election for Mayor of London in two years is currently being chosen. This is a very important role and

the Trade Unions have 50 percent of the ballots for that election. Nationally there are obviously many very formal links, and the Trade Unions are guaranteed seats on the Executive Committe of the Labour Party. There is also a very large National Commitee that helps to determine the policy of the Party.

Of the Union representatives who sit on the Executive at least 50 percent of them have to be women and 50 percent who sit on the policy forum have to be female as well which is obviously very important. At the annual conference of the Labour Party the Trade Unions have about 50 percent of the make-up of that conference, as delegates from the Trade Unions and from other affiliated organisations.

So when policy and the manifesto is decided, the Trade Union vote at that conference is absolutely crucial and there are enough people in that conference to swing the vote. Ultimately, within the group of Members of Parliament in the National Parliament, the overwhelming majority of Labour Members of the Parliament are members of Trade Unions, and only one MP who isn't a member of a Trade Union. It is compulsory in the Labour Party rules that a member of the Party who stands for election is obliged to be a member of a Trade Union as well. Within Parliament the Trade Unions organize very strongly and ensure Labour MPs properly represent union members' interests.

The Strong Link between the Party and Trade Unions

The Party and Unions are independent entities. The 16 different Unions do not have the same policies and the Labour Party is a separate entity but they come together very closely across the board. Theoretically it should be a very strong two way relationship and partnership. It's beneficial for the Trade Unions because Unions have a direct way of getting their issues and their agenda on the table with the Labour Party, and it's good for the Party because it means that there are 3 million Trade Union members whose voices are heard. If the Labour Party pursues a policy agenda that is good for Unions and good for working people as it will mean it is more likely to win elections because those are the people who will cast their votes for Labour and help them to win.

The affilliation between the Unions and the Party is permanent, it takes place whether the party is in government or whether they have lost elections and are in opposition.

During the 1980s when the Conservative Party were in the government for a long time, there was a very strong hard-left wing within the Labour Party, and there was concern this could return.

However, despite those difficulties, it's arguable that during the 13 years of Labour government a more progressive, more left-wing and a more pro-worker policy platform was implemented by that government as a direct result of the Trade Unions being involved in the Labour Party. For 100 years the Labour Party had campaigned for the minimum wage. That was implemented for the first time at the end of the 1990s. Protection is now in place for the agency workers in law which

would not have been applicable, had the Unions not have lobbied the Party and the government for it. This includes the right to Trade Union recognition, much better pension rights, as well as significantly better maternity and paternity leave packages.

Trade Unions and the Labour Party have a relationship that is not a guarantee that the Party in government will do everything that Unions want them to do, but it does ensure that the Party and the government listens to the Unions and treat them with respect and is prepared to engage with them in a meaningful way.

A body exists called TULO, which is an informal body made up of the presidents of the afilliated Trade Unions, 16 general secretaries, the leader of the Labour Party and the Deputy Leader of the Labour Party. An informal body that meets approximately every 3 months, they ensure that despite whatever disagreements there are, the Party and the Unions can talk to each other, and can try to deal with problems without them spiralling out of the control. They also try to make sure that the 16 Trade Unions put together a shared agenda.

This results in a policy of shared negotiations between Party and government and unions. An example of that from 2004 is illustrative. Before the last General Elections, the manifesto was being decided for the 2005 General Elections and all 16 Trade Unions sat down and put together the program that every single Union agreed with, from the largest unions with millions of members to the smallest with only 5,000. As a result of that shared agenda there were specific changes to the manifesto and to the government's program that ended up with flexible working, extra paid leave and maternity leave.

What Do Trade Unions Do for the Party?

Trade Unions have a role in campaigning for the Labour Party. It involves Unions getting their issues on the agenda, and the Unions going out to their members and explaining that at an election it is necessary to vote Labour because Labour is the only Party that represents the working people. Unions write letters individually to each of their members, make telephone calls to members locally to ask them to vote Labour, leaflet materials in work places, and generally unions are widely involved in campaigning for Labour as well.

Labour is now in opposition and a leadership election is ongoing at the moment to decide

who the new leader of the Labour Party will be. The Trade Unions have a huge role in that. They have one third of the votes in that election and may well determine who that leader will be, and a very much more pro-Union policy agenda could be on the agenda because it is necessary to get Union votes to be elected.

There is 100 years of shared history between the Party and the Unions. The Conservatives have been in government for six weeks and already there are reports about trying to break the link between the Unions and the Party which will damage the Unions by stopping them influencing Labour, but will also damage the Party by drastically cutting off its funding.

Political-trade Union Dialog for More Effective Protection of Workers

Svetozar Pudarić, Representative in the Parliament of the Federation of BiH and the Chairman of SDP BiH Executive Board



The Left and Transition

The transitional, post-socialist economy or the working classes as it used to be called in the socialist political and economic thought and practice has significantly changed the position of the workers.

The position of the workers has been completely changed in relation to their status before the countries of the region entered the transitional phase and underwent, in smaller or greater extent, a period of physical destruction, the undermining of the social structure, the destruction of material assets and killings of people as well as annihilation of the social consensus.

All left-wing parties transformed from the former League of Communists of Yugoslav Republics and have undergone through similar experiences. All of them were faced with great difficulties in defining their position in relation to the newly emergent right-wing, nationalist, populist, pseudo-liberal movements and parties that were formed in the period of political transition but were at the same time trying to avoid falling into a trap of an unsustainable so-called Yugoslav pseudo-integration. Furthermore, individual defects from high positions or even of whole groups of the earlier self-ruling political and economic elite have significantly affected the definition of the new right-wing policies and their taking up the accountability for the previous period even for the decisions that they have made themselves. Thus, the leftists that have not endorsed the new discourse of animosity and exclusion were left to face the consequences. However, the Serbian Socialist Party took up a special and exceptional position. By using all government leverages, the Party had managed to maintain the illusion among the citizens of being a real left-wing party but at the same time it had managed to intake and control the vital elements of the political right and centre.

In his statement, Pudaric explains how, at the very start of the parliamentary democracy, the members of the SDP BiH had to have an internal, self-identification process according to our ideological nature and at the same time to respond to the publicly imposed issues of responsibility for everything that was done or was missed in the last fifty years.

Today, when we look back we can clearly see that the agenda included only those issues that had created an illusion of a relentless fight for human rights which had enabled the newly established political elites to maintain and redistribute the acquired social assets and to completely change the relation between work and capital in the interest of the capital.

He points out the problems we have, clearly, had to ideologically define ourselves, awakening after several decades. At the start of the 90's, at the Congress of Unification of the Socialist Labour Party of Yugoslavia in Vukovar, the Social Democratic Party of Bosnia and Herzegovina came for the first time into the position to act as an independent political subject outside the structure known as the Communist Party of Yugoslavia or the League of Communists of Yugoslavia.

We not only had to position ourselves in relation to other parties but we also had to resolve internal issues and establish what makes our present and what grounds our future on the basis of our hundred-year-old heritage. And this heritage is disparate including the one that relates to the Social Democratic Parties in BiH from 1908 to 1918 and the one related to the Socialist Labour Party of Yugoslavia (Communists) or the Communist Party of Yugoslavia from 1918 to 1941. This includes the experiences of the group of Social Democrats that have not joined the Communist party of Yugoslavia in order to join the political elite gathered around the king's palace in London or Draža Mihajlovic and the King' Army in the Homeland. Based on these brief notes, Pudaric clearly shows this great ideological challenge within the party itself.

Trade Unions and Transition

At the same time, the Trade Union was also forced to seek internal solutions. The Trade Union was accused by the aforementioned elites of acting as the extended arm of the League of Communists, of serving as the reservoir of eligible appointees for various social functions and allegedly its greatest sin was that it had failed to protect the workers' rights but had served to appease the workers' discontent. Whilst, the new government had exerted pressure in order to carry out the transition of the social and economic system with as little publicly expressed discontent and had refuted the threshold of sensitivity to the level of plundering that was in progress. The Trade Union also had to respond to the challenges deployed by the members and the leaders of the trade union branches. Both the left-wing parties and the trade unions had entered a period of internal and external transition at the beginning of the 90's and we had fought in parallel for our own preservation and for our position in the social dialogue: the parties on the political scene, the trade unions in the social dialogue with the government and the employers.

Unfortunately, we had both wandered around in our long-lasting battle."I can say that SDP BiH had been led for a long time by the Trade Union's stance that there is no ideological rapport with any of the parties but that the Trade Union has to search from the equidistance for new partners from the whole spectrum of parties on the political scene for every concrete proposal and solution." Pudaric states that the reaction might have suited the given period but this was certainly a sectarian reaction and this cannot be a permanent policy. Such a Trade Union is not the Party's partner and if it does not see itself as the ideological supporter of the left-wing parties it cannot recognize properly the interests of the workers and SDP BiH is in fact the only political representative of the union workers' interests. We carry all the burden and we will hold talks with the Trade Union in the manner that it wishes, from occasion to occasion as two parties at official negotiations. SDP BiH proposes legal solutions and advocates for specific solutions adopted by the party entities and solely through parliamentary groups in representative bodies of the legislative authority. Such a disturbed relationship had been ongoing and such an abnormal state had enabled the right-wing parties to amend the social and economic relations in the country at the expense of labour and the workers.

We had been mislead by the fairy tales on the end of history, the post-ideological society where the ideologies had died and that minor disputes can be resolved as details of an already finished

picture, explains Pudarić. The second lie that has marked the previous period is that globalization is an almost natural process which the man has iust initiated. Such a process has its internal rules and internal laws which make it unstoppable and uncontrollable regardless of the efforts put in by political or social forces. Any attempt to articulate a response will be crushed by a strong wave of global upsurge. The European political left also did not have a complete response to globalization. The most meaningful response of the European political left was the "third road" which in fact represents a partial capitulation in front of new liberalism. In making changes to our program, we in SDP BiH, have also adopted solutions stemming from the thesis of the German concept of "Neue Mitte" and the British "New Labour" manifesto.

Pudaric raises the question: With time, we have become ready to drift away from the leftist positions and practically to start moving towards the centre. However, from 2006, we have gathered strength to inverse our stance and to return home; to return to the political left. How far left we will go depends on the situation in the country. In our return to the political left, we as an organization have recognized in whole the primary purpose of the social-democratic parties- the social democrats – to communicate with all related social forces and organizations.

Common Roots and Values of Trade Unions and Social Democracy

The Trade union movement is the birth place of social democracy. There is no place beyond it. And, as already stated, the values that we share are mutual. That unquestionable division of the same values is the starting point which is in quality terms different from all the joint issues and common

grounds that the Trade Unions might share with the liberals, the Social-Liberals and even with the liberal right-wing parties. Pudaric points out that we in SDP BIH will never forget this. We would like the Trade Union to recognize in the same way our mutual heritage as that would then be a sure pledge of a successful cooperation both for now and the future.

Looking back on today's problems, Pudaric points out that we have no right to be just the opposition to the government. The SDP has the responsibility to oppose to the conditions in the society even at times when it is in the government. "We are destined to be the opposition even if have absolute power because SDP BiH does not support the idea and does not fight for absolute power to preserve the current state in the society. This is what we expect the Trade Unions to understand in our future talks." Such a relation towards our own social accountability should be the attribute of all the left-wing parties in the region. The conditions that were created after the process of "wild" capitalization, or the turbulent transition into capitalism has created such deep ruptures in the social structure, has established inequalities unheard of before and has excluded whole levels of society, and if we are true social democrats we have to be the fiercest opposition even once we join the government. This is especially the time when we have to oppose fiercely, because if we had been awarded with the people's trust and we begin exercising our authority, we will face the consequences of the transitional process, the implementation of nationalistic policies, the exclusion of groups of people from decision-making and participation which includes decision-making by the workers and the workers' participation at their work place. The spectrum of exclusion is extremely wide. The exclusion on ethnic or nationalist

grounds is personal and painful but it represents only one segment of diverse forms of exclusion that this government is exercising on its people, concludes Pudarić.

We as a Social Democratic Party have the responsibility to start eliminating such exclusions which means we have to enable the people to be involved in the decision-making processes that relate to their personal fates. We thus need a continuous, good-quality and genuine dialogue with several important social powers; important both in their number and their real influence. We can all only benefit from this form of dialogue. We will be able to gain new experience and new knowledge but also to build the ever necessary mutual trust. Some of the organizations that I can think of now which should be included in the dialogue are the academic community and the NGO sector.

For SDP BiH, the Trade Unions are still the primary force where SDP BiH should look for an ally in launching a social reform due to their strength, number and responsibility that they carry with them. We have long analyzed the means of establishing the best possible connection between SDP and the Trade Unions. I would like to thank Besima and some other people who are sitting here today for proposing this model of organizing a special SDP Forum of Trade Union Activists. Only when we started with its development, we realised what we did not have all these years and how much we had missed. By fighting on other fronts, all these years we have failed to see the obvious fact and that is that we have a lot of members, members on leading positions at the local level who are not only members of Trade Unions in their companies but also members of the trade union leadership. We have people, a network of people, an organized group of people who have a defined ideology but which at the same time are also established in SDP BiH through their activities in the Trade Union. And when we realized that we have thousands, literally thousands of people who are at the same time members of the Trade Union and SDP, the solution offered through the Form of Trade Union Activists was imposed by itself. Additionally, there was an opportunity to include all trade union members into the work of the Forum without imposing the need to be registered in the party membership so that we can put in joint forces to fight for the workers' rights. The Forum is the place where the Party can achieve better understanding for the transitional loses and to reduce the lack of trust which we had failed to do in the last 10 or so years.

Pudaric answers to the questions by the Trade Unions on whether a parallel Trade Union is being built, and to the questions posed within the Party on why we are interfering into the work of the Trade Union in such manner (as it is much safer to keep the distance)?:"The answer is neither simple nor unambiguous. When I was asked by the International Labour Organization on SDP BiH purpose behind this Forum, I replied that we do not have the intention to build a parallel Trade Union because one Trade Union organization already exists. However, if the Trade Union opts through its operational activities to represent the interests of the employers or the interests of the company owners, then we cannot guarantee that the Forum, should it fail to exert pressure and change the current course of events, will not be forced to become a trade union of workers as a response to the trade union of employers. Our aim was and still is to enable the workers to articulate their own trade union requests through the Trade Union or the Forum of Trade Union Activists or directly through SDP party bodies and to transfuse them into political requests expressed through

new legislation and bylaws which will protect the workers and their working rights. We deem that we have found the optimum model of cooperation between politics and the trade unions in our country. There is an additional argument that goes in favour of this statement. Our political divisions are not a product of different political interests in the way that they are differentiated in the parliamentary democracies throughout Europe. We not only have a political spectrum of different ideological affiliations but we also have the division of the political spectrum upon the ethnic lines where we have an additional issue of controversy that some other countries might also be faced with. We have the problem that the so-called nationalist political elites represent themselves as someone that can protect everyone within their scope of capacities, all the spectrum of interests that exist within one society defined as a single ethnic society. That reminds me of the pluralism of socialist issues that were protected by the League of Communists of Yugoslavia."

Dialog and Cooperation

Pudaric also points out the importance of the dialogue, which we all need. "We expect that as a governing party we will be bound to intensify the dialogue with the trade unions. We are serious

in our intent to activate the existing legal instruments which are in use today starting from the Labour Law to the Economic-Social Councils and we would like to oblige the Trade Union to be a partner in the tripartite dialogue."

Dissociating himself from the situation in the countries which are participants of the Conference, Pudaric acknowledges the serious problem with the employers managing the state capital, i.e. the state-owned companies that continue to be everyone's and no one's property, that fail to take on any responsibility for the fate of the company and its workers. There is a special problem in the relation of the employer in the companies that have emerged as a result of the ownership transition or in the companies that were established exclusively on the grounds of private or corporative capital. The trade unions are the weakest in such companies. There is an implied consensus among all parties including SDP BiH, that the issue of trade union organization in such companies, of which some employ several thousand people, should not be put on the agenda. "We would like to be a partner in this segment as well but the Trade Unions also needs to understand that they are the ones who need to enter into such companies and that no party can do that."

Political-trade Union Dialog for More Effective Protection of Workers

Dušan Semolič, the President of the Confederation of Free Trade Unions of Slovenia



President Semolic pointed out that it is easy to win elections, but that the true victory lies in keeping the trust of the voters, which is a real challenge and an indicator that everything which has been promised has also been carried out, which represents large capital for a party.

By sharing his experiences with those present at the workshop, the President said that the worst period for trade unions are the first two years following a win in the elections. The reason for that lies in the fact that many politicians behave like supermen after gaining power and the trust of voters, believing they possess all the knowledge and the answers to all the challenges. After that period, the situation calms down, he said, because then they realize that keeping a dialogue with the trade unions is valuable.

A Successful Dialog and Cooperation between Trade Unions and Social Democrats

He pointed out that the dialogue between trade unions and the social democratic government has delivered good results, such as the honest attempts of the Social Democratic Party and its effort on adopting a Law on Obligatory Participation of Workers in the Division of Profit. Although the adoption of this Law was not successful, Semolic respects the effort of the social democratic representatives and says that social democratic representatives and says that to be policy in Slovenia, which would be an enormous and beneficial justice for workers who also contribute to the profit made, as the employers do not make the profit on their own.

The next good common thing of trade unions and the Government, as pointed out by President Semolic, is the subsidisation of work when working hours get shorter, so that the workers will not then be paid lower wages as a result. A good move of the social democratic Government was also the introduction of a minimum wage of 23%. Because, during a crisis, a government usually always thinks that it has to make cuts because of the crisis. All the reforms are burdened by the desire to make some cuts. Semolic proudly points out that in this they managed to show politicians that a crisis is a chance for achieving something for the workers, which was hard to believe at first, but in the end the Government proved reasonable, and this is the only law everyone in the State Parliament, both the opposition and the position, voted FOR, and no one against. That is a good message, stating that keeping dialogue with trade unions is good, because in the end it is good for policies too, not only for the trade unions.

However, there are often differences and conflicts between trade unions and social democrats, arising when the Government gives the signal as if going left, but then goes right.

Disobedience towards the International Financial Institutions

Although he believes that Slovenia is not an ideal country, President Semolic thinks that some things were successfully defended and kept. There were two dominant reasons for that. The first reason was that they often did not listen to what the OECD, IMF, and the World Bank, suggested. That was to Slovenia's advantage.

President Semolic drew attention to 1996, when Friedman's model for full privatisation of the pension system was popular. At first, the Government of Slovenia accepted it, and had there not been large demonstrations in Ljubljana, Slovenia would now have had some other system. There are still some problems remaining, but these problems are on a level which is different than the level they would have been on, had there been a full privatisation of the pension system. Also, Slovenia is under pressure when it comes to its competitiveness. Politicians constantly repeat that the labour market has to be made more flexible, in order for Slovenia to be as competitive as possible. That is often an alibi for doing whatever one wants, says President Semolic. Information stating that the competitiveness of the Slovenian economy has decreased, and that it is currently holds place 130, has recently been published. Now, he says, there is panic among politicians. But they do not say that a country like Sweden is place at 120, and that Singapore is number one. Furthermore, when one analyses how these results are gained, that reveals a completely different picture.

For example, in these analyses it is estimated whether women in Slovenia have the right, opportunity, and obligation to work during any part of the day. Since mothers with children are forbidden to work at night, the competitiveness of Slovenia is decreasing. This is how information on competitiveness is manipulated and how pressure is applied onto the trade unions accusing them of not understanding the reality and the modern times we live in today. Semolic brings forward another relevant example. Slovenia became a member of the OECD, which is not a meaningless thing, but the membership fee for that organization is 2.4 million Euros. Semolic points out that Slovenia will surely get some good suggestions

and analyses, and that the rating of Slovenia will grow to some degree, but he points out that there are also many neoliberal recommendations coming from the OECD, and that this organization ignores the social development of the state. You can get neoliberal messages and recommendations for free, says Semolic, without much trouble by just inviting neoliberal economists to TV, and they will tell you their theses on how to fix this unfortunate economy in a neoliberal manner, for free. At this point, Slovenia is paying 2.4 million Euros for that orientation. It is a fact that sometimes it is not recommendable to listen to everything that is dictated from outside the country in the name of development, because regardless of how life is in Slovenia, we know more and better than the gentlemen from Washington or Brussels, pointed out Semolic.

Social Dialog Defends a Social State

Another significant reason for a successful defence of a social welfare state is social dialogue. An Economic and Social Council exists in Slovenia from 1994. This Council has never disagreed about anything, points out Semolic, and it functions without a law, only based on the principle of a partner agreement that they will sit together, talk and make agreements. All the governments so far, be it right wing or left wing, smart or less smart, were open for an agreement. There were quarrels, but there were also agreements, points out Semolic. There was never an outvoting in the Council, which is why we it might have taken us one, two months, or half a year longer, but it was worth it, because nervousness and hurrying are no good. On some projects, like the meeting of conditions for the accession to the European Union, social partners worked together. The accession to monetary union was not that simple, and the biggest

problem was the problem of the wage policy, but an agreement was made. Other areas were also agreed upon between social partners, such as the social policy, pension system, Labour Law, and so forth. No government in Slovenia has yet tried to change the Labour Law, primarily because it is a product of a consensus between social partners. The preconditions for achieving a consensus are strong social partners, i.e. strong trade unions, strong employers, and a strong government. Why is that, asked Semolic? Social dialogue represents a consensus, and it is the privilege of the strong, because those who are not strong do not tend to make consensuses. According to Semolic, that is large capital for Slovenia which is not used in the way it could be used, namely as a large comparative advantage of Slovenian society.

Continuing his statement, Semolic pointed out that, according to his beliefs, Slovenia has no vision of development. The Government reacts in panic, stating that the deficit must be lowered immediately, which is a burden for the relations between the trade union and the Government. Semolic believes that the important thing, when discussions on specific political issues and problems begin, is that the cause of the crisis should not be forgotten. The cause of the crisis are not labour rights, and not the Labour Law, but some other values and goals which dominated, and still dominate, in society, namely that everything is subdued to capital, profit, competitiveness, and high economic growth, and all these thing do not necessarily mean a better life for workers. That is a possible mistake, thinks Semolic. Changes, competitiveness, economic growth, etc. are the means, but not the goal, and we should fight for more solidarity and more social rights in society, we should strengthen public healthcare, public education, ensure a safe old age for pensioners, ensure employment for an indefinite period for young people, strengthen social responsibility and competitiveness which would be based on diminishing labour rights only.

Competitiveness is to be encouraged, he said, but with new technologies, innovations, real business decisions. Companies do not fail in Slovenia because of labour rights, but due to the bad performance of the employer. Many laws are extremely damaging and the Government and those working in Parliament are responsible for that, and that is the true battle for competitiveness, says President Semolic. When the initiative for raising the minimum wage by 23% was set in motion, employers said immediately, that some 40,000 - 70,000 people would lose their jobs because of that. Now, in real terms, the number of unemployed people is declining in Slovenia. Therefore, says Semolic, if the politicians trust employers immediately, conflict arises. For neoliberal politicians, the beginning of the crisis was a chance for some changes, because crisis is a period in time when people are afraid, and, according to the vision of the politicians, it is an opportunity to proceed with reforms which people would never accept otherwise. That was the political message from the beginning of the crisis, meaning that trade unions have to be careful of all initiatives when it comes to reforms. Semolic believes that it is important to know that the burden from the consequences of a crisis must not be, and do not have to be, carried by the workers, speaking thereby of major consequences, because the crisis is not their fault. In reality things are not like that. There is much more tolerance for the capital than for the workers. When the crisis began in Slovenia, the institutions immediately allocated billions of Euros and placed them into this sector. This represents pressure made through public



finances onto social rights. The subject matter of the conflict was actually a battle for the redistribution of wealth in Slovenia. It is not simple, and not academic, because the share of profits rose for years in the gross domestic product of Slovenia to a greater extent than wages. That had to be stopped. Banks remained, to put it harshly, in the time of socialism, and the workers were pushed into brutal capitalism. This can be proven, since for banks the state always intervenes in the sense of state socialism. However, when talking about companies they say they are too big to help them. The idea of the trade union is that if help was provided to banks, these banks, institutions, and the whole sector should become a service for the real sector, and not the other way around. This would be achieved by introducing taxes to financial transactions known as Robin Hood. For workers, it is always the question of who and why to take from. Radical changes always harm the worker. Balancing public finances is a significant issue, but the dynamics are also very significant. In Slovenia, the Government goes too fast, and it is reducing certain social rights which are financed from the budget. This problem was also present at the G-20 in Canada, as a significant problem of greater dimensions.

The idea is to immediately change the Labour Law, and it has already been stated that no Government has made changes without the consent of the trade unions. It is a significant message of the work performed on this issue so far. The response to the problems of the 21st century should not be the shortening, or lowering, of the notice period, especially for those persons who have been working for the employer for 25 years, or the cutting of allowances. This will not save one single company, and no work place will be opened through such actions, but this will only result in a larger profit for the employer and a situation in which employers will put workers on the street more easily. Allowances have two functions. Not

only do they provide money for the worker to survive a month or two after being laid off, but the relatively high allowances put off employers from laying off workers too fast, due to costs. This is the function of allowances anywhere in Europe, because when work is not valued at the market, it must be additionally protected. It is not a good thing for the Government to intervene in times of crisis by diminishing rights from the Labour Law, at a moment when the Law must protect those who are poorest. That is not a good message to the public. The voice of capital is too strong in government. If the Government were to be strict concerning rigidity, the most rigid market is not the labour market, because in the labour market there are 70% of young workers, employed for a defined period. Some 100,000 workers without a job confirm that workers are not protected in Slovenia at all. The manager market is a rigid market, since they are able to receive 24 wages as allowance during one year.

There were demonstrations in Slovenia, recently. Although he condemns violence, Semolic believes that the damage caused by the young demonstrators, in the amount of 27,000 Euro, is nothing compared to the damage caused by the politicians through bad legislation, and the diminishing of rights of workers, and that kind of damage cannot be fixed in two or three days. At a global level, these are problems which demand the transformation of the model of capitalism from a model based on financial capitalism, casino capitalism, which encourages social differences, into a model of capitalism with a look that is more social and humane, with more social rights, more care about workers, and this is the reason why all the trade unions of Europe will organize demonstrations involving all of Europe, in Brussels, on 29th September. These global problems must truly be resolved, primarily, by politicians. No labour right has been given for free, no right lasts forever, and rights need to be fought for.

PART THREE

Summary and Conclusions



The plenary discussion at the regional meeting entitled 'Social Democrats and the Trade Unions – from Partnership to Justice to Workers' was divided into three parts and four sessions. In the first part, it was discussed how the global economic crisis is leaving its toll on the position of workers in the region. In the second part, the discussion focused on building a state of social welfare and the position of workers in this state. In the third part, in the third and fourth session, talks concerned the partnership between the Social Democrat parties and trade unions in order to protect, enforce and promote the rights of the workers and unions more effectively.

Different opinions were expressed during the plenary discussion and the whole discussion was intensive. Moreover, the discussion demonstrated that there is a need to exchange experiences, ideas and knowledge and that great support was expressed for the notion of continuing with these meetings and contacts in the future.

In line with the stated lead-in presentations and the discussion, the attendees of the Regional Workshop have adopted the following conclusions that will be used as guidelines in forthcoming political and union activities:

1. The workers' and trade union rights have been marginalized, the workers have become impoverished and the workers have taken on the heaviest burden in the process of transition, globalization and democratization.

- 2. The Social Democrats and the trade unions express their discontent with such a situation and they wish to amend it for the benefit of the workers whose problems have to be a priority and a focus of attention in all future activities.
- 3. Parties and trade unions have to be more courageous and more open in their political aims and their implementation regarding the issues and positions of the workers, and that it is important to stop the "brutalization of the working life" and "plundering of the neo-liberal policies." There must be a clear difference between the party and trade union policies which reside on traditional social-democratic values and other policies such as neo-liberal, nationalist and conservative.
- 4. The state of social welfare requires economic development but such development must be grounded on the interests of the ordinary person and not on the interests of wealthy individuals. Thus, the development should take place together with workers.
- 5. Building a social state a welfare state is in the interest of the workers and the trade unions and this same interest is shared by the Social Democrats. Thus, development of partnership, dialogue, cooperation and negotiation rather than outvoting is an imperative for both the Social Democrats and the trade unions.

- 6. There is no state of social welfare without workers enjoying a decent standard of living, without tough labour legislation, strong mechanisms of protecting workers' rights, high level of trade union organisation and strong trade unions.
- 7. The Social Democrats and the trade unions will develop social dialogue through genuine negotiations and respect until an agreement is reached that will bring better solutions and affect the improvement of the workers' position.
- 8. Social dialogue needs to be the forum where actual negotiations take place and where all the specificities of the positions and possibilities of social partners are taken into consideration.
- 9. The Social Democratic governments as well as the Social Democratic parties in opposition will work together with the trade unions to establish priorities in their action plan, and to draw up a government program in order to facilitate its implementation.
- 10. Full engagement of the Social Democrats and the trade unions as well as their joint preparation for the upcoming challenges and difficulties is essential.
- 11. Building mutual trust is essential and this can be achieved through honouring and respecting agreements. It is important in this sense to build mechanisms of negotiation together with relevant methods and content. The communication will thus be facilitated and success will be guaranteed.
- 12. In the upcoming period, work on the establishment of a Regional network/forum between Social Democrats and the trade unions in order to ensure continuous dialogue and exchange of experiences will be carried out.
- 13. Finally, the general conclusion is that regional talks and exchange of experiences are very good. This practice should be continued and regional dialogue should be established on a regular basis which will help deal with the challenges that realistically stand ahead.

List of Participants

	Name	Organisation	Position	Country
1.	Abrahamsdotter Emina	SDP BiH Forum of Trade Union Activists	General Secretary	Bosnia and Herzegovina
2.	Alić Merima	Friedrich Ebert Foundation	Expert	Bosnia and Herzegovina
3.	Bahto Avad	Trade Union of BH Telecom	President	Bosnia and Herzegovina
4.	Bajramović Hidajeta	Social Democratic Party of Montenegro	MP	Montenegro
5.	Bajramović Ismet	Independent Trade Union Confederation of BiH	President	Bosnia and Herzegovina
6.	Belenzada Obrad	Trade Union Confederation of RS	President	Bosnia and Herzegovina
7.	Bohinec Peter	Kalander Foundation	Director	Slovenia
8.	Borić Besima	SDP BiH Forum of Trade Union Activists	President, Member of Presidency of SDP BiH, MP	Bosnia and Herzegovina
9.	Čirkin Behzad	SDP BIH Regional organisation Prijedor	President	Bosnia and Herzegovina
10.	Đukić Bojan	Trade Union Organisation of Union Credit Bank	Member of Working Gro- up SSSBiH and SDP BiH	Bosnia and Herzegovina
11.	Filipović Karlo	Social Democratic Party of BiH	Member of Presidency	Bosnia and Herzegovina
12.	Frangež Matevž	Social Democrats of Slovenia	MP, vice-president in the parliamentary commission on EU affairs	Slovenia
13.	Hadzic Muhamed	Trade Union of Metal Workers of BiH	President	Bosnia and Herzegovina
14.	Harmandić Đenan	Trade Union Commerce Workers of BiH	Vice-president	Bosnia and Herzegovina
15.	Hasić Sabina	Trade Union of Electro-energetic Workers of BiH	Vice-president	Bosnia and Herzegovina
16.	Hujić Salem	Independent Trade Union of Forestry of BiH	President	Bosnia and Herzegovina

17.	Kačar Bejto	Trade Union of Traffic Workers	President	Bosnia and Herzegovina
18.	Kadirić Šaban	Trade Union of Construction Workers of BiH	President	Bosnia and Herzegovina
19.	Kalajdžić Ilija	Trade Union of Brčko District	President	Bosnia and Herzegovina
20.	Lagumdžija Zlatko	Social Democratic Party of BiH	President	Bosnia and Herzegovina
21.	Levanič Dejan	Social Democrats of Slovenia	MP, Member of Parlia- mentary Commission for Foreign Policy	Slovenia
22.	Ljubović Jakub	Trade Union of Mine Workers of BiH	President	Bosnia and Herzegovina
23.	Marjanović Duško	SDP BiH Forum of Trade Union Activists	Vice-president	Bosnia and Herzegovina
24.	Modrić Kadrija	SDP BiH Forum of Trade Union Activists	Member of Presidency, representative in the Parliament of Federation of BiH	Bosnia and Herzegovina
25.	Muratović Ramiza	SDP BiH Forum of Trade Union Activists	Member of Presidency	Bosnia and Herzegovina
26.	Musikic Edo	National Democratic Institute	Expert	Bosnia and Herzegovina
27.	Obradović Dušan	Democratic Party of Serbia	Coordinator	Serbia
28.	Omanović Jasenko	Social Democrats of Sweden	MP in Swedish National Parliament	Sweden
29.	Ordagić Mustafa	SDP BiH Forum of Trade Union Activists	Member of Presidency	Bosnia and Herzegovina
30.	Pavlinović Dženana	International Center Olof Palme	Program Coordinator	Bosnia and Herzegovina
31.	Pjoskić Sabrija	SDP BiH Forum of Seniors	President	Bosnia and Herzegovina

32.	Popović Slobodan	Social Democratic Party of BiH	Member of Presidency	Bosnia and Herzegovina
33.	Pranjić Dragan	SDP BiH Forum of Trade Union Activists	Member of Presidency	Bosnia and Herzegovina
34.	Pudarić Svetozar	Social Democratic Party of BiH	MP, President of SDP BIH General Board, Member of Presidency	Bosnia and Herzegovina
35.	Rešidbegović Minka	Trade Union of Finances of BiH	President	Bosnia and Herzegovina
36.	Ružičić Danko	Trade Union of Workers in Textile, Leather and Shoe Industry of RS	President	Bosnia and Herzegovina
37.	Semolič Dušan	Free Trade Union Confederation of Slovenia	President	Slovenia
38.	Smajić Senad	SDP BiH Cantonal Coordination Sarajevo	President	Bosnia and Herzegovina
39.	Stephenson Norma	Labour Party National Executive Committee Member		Great Britain
40.	Stojiljković Zoran	UGS Nezavisnost	Vice-president	Serbia
41.	Symons Helen	Trade Union and Labour Party Liaison Organisation	Campaign and Commu- nication Officer	Great Britain
42.	Tokić Igor	SDP Forum of Trade Union Activists, SSSBiH Forum of Youth	President of Forum of Youth , Member of Presi- dency of SDP Forum of Trade Union Activists	Bosnia and Herzegovina
43.	Tomić Tanja	Social Democratic Party of Macedonia	Executive Director at PROGRES Institute	Macedonia
44.	Utroša Milan	Free Trade Union Confederation of Slovenia	General Secretary	Slovenia
45.	Vidović Davorko	Social Democratic Party of Croatia	MP	Croatia
46.	Živković Milan	Trade Union Confederation of Macedonia	Haead of Cabinet, Spo- kesperson	Macedonia

IMPRESSUM

Social democrats and trade unions: Justice for Workers through Partnership

Authors:

Besima Borić
Zlatko Lagumdžija
Dejan Levanič
Davorko Vidović
Ismet Bajramović
Matevž Frangež
Zoran Stojiljković
Norma Stephenson
Helen Symons
Svetozar Pudarić
Dušan Semolič

Publisher:

Social Democratic Party of BiH SDP BiH Forum of Trade Union Activists Alipašina 41, Sarajevo, Bosnia and Herzegovina forum-sindikalaca@sdp-bih.org.ba www.sdp.ba

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Besima Borić Emina Abrahamsdotter

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